



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Silver Spring, Maryland 20910

406 3 1980

MEMORANDUM FOR: Distribution
FROM: *Donald J. Leedy*
for George H. Darcy
Chief, Domestic Fisheries Division
SUBJECT: Amendment 45 to the Fishery Management Plan
for the Groundfish Fishery of the Bering Sea
and Aleutian Islands Area

Attached are the subject amendment and associated documents prepared by the North Pacific Fishery Management Council for formal review under the Magnuson-Stevens Fishery Conservation and Management Act. This amendment would extend the allocation of 7.5 percent of the pollock total allowable catch in the Bering Sea and Aleutian Islands to the Western Alaska Community Development Quota program on a permanent basis.

Attachments

* Distribution

F/SF	- Matlock/Morehead	F/PR	- Montanio
F/SF3	- Darcy & Leedy	F/PR2	- Cornish
F/SF5	- Surdi/Fricke	F/PR3	- Brewer
F/x1	- Chaves	F/ST	- Fox/Trott
F/x2	- Schaefer	F/ST1	- Ward
GC	- Johnson	F/HC	- Bigford
GCF	- MacPherson	F/EN	- McKinney
GCEL	- Kuroc	PSP	- Archambault/Schreiber
OGC	- Cohen	N/ORM3	- Uravitch

*CDQ Economic
ANALYSIS ATTACHED.*

F.





**Proposed Amendment 45 to the Fishery Management Plan
for the Bering Sea/Aleutian Islands Groundfish**

14.0 MANAGEMENT REGIME

14.4 Management Measures -- Domestic Fishery

14.4.7 Effort Limitation Programs

14.4.7.1 MANAGEMENT OF FIXED GEAR SABLEFISH FISHERIES

[text between title above and section 14.4.7.1.7 is not changed]

[FMP amendment would move Section 14.4.7.1.8 COMMUNITY DEVELOPMENT QUOTAS to a new 14.4.7.3, except the following paragraph which currently is 14.4.7.1.8 (B) (3) and would be moved within the section on management of the fixed gear sablefish fisheries to 14.4.7.1.7 General Provisions as (7).]

14.4.7.1.7 GENERAL PROVISIONS

[text in (1) through (6) not changed, add current section 14.4.7.1.8 (B) (3) as a new section 14.4.7.1.7(7)]

(7) Those persons that would otherwise have received a full complement of sablefish QS in the Bering Sea and Aleutian Islands area, but would receive less due to the provisions of CDQs, will be partially compensated and the cost of the compensation will be borne equally by all initial sablefish QS/IFQ recipients. In general this compensation plan will issue incremental amounts of QS in each non-CDQ area to each disadvantaged person.

14.4.7.2 GROUNDFISH LICENSE LIMITATION PROGRAM

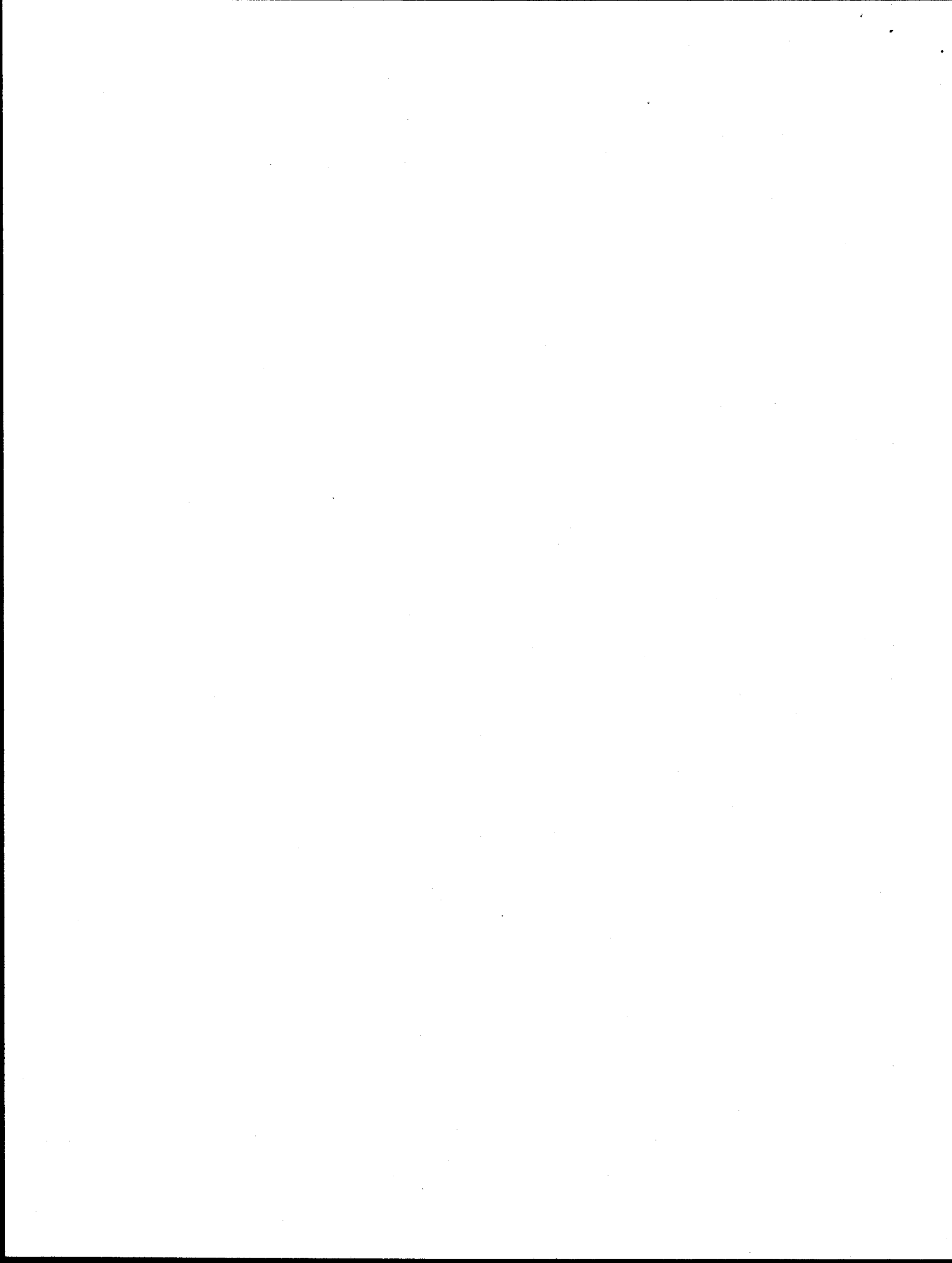
(text of this section not included here)

[Add new section 14.4.7.3]

14.4.7.3 WESTERN ALASKA COMMUNITY DEVELOPMENT QUOTA PROGRAM

[the following two paragraphs are from the fixed gear sablefish section 14.4.7.1.8 with changes noted in bold and strike-out]

14.4.7.3.1 PURPOSE AND SCOPE. The Western Alaska Community Development Quota Program is established to provide fishermen who reside in western Alaska communities a fair and reasonable opportunity to participate in the Bering Sea/Aleutian Islands

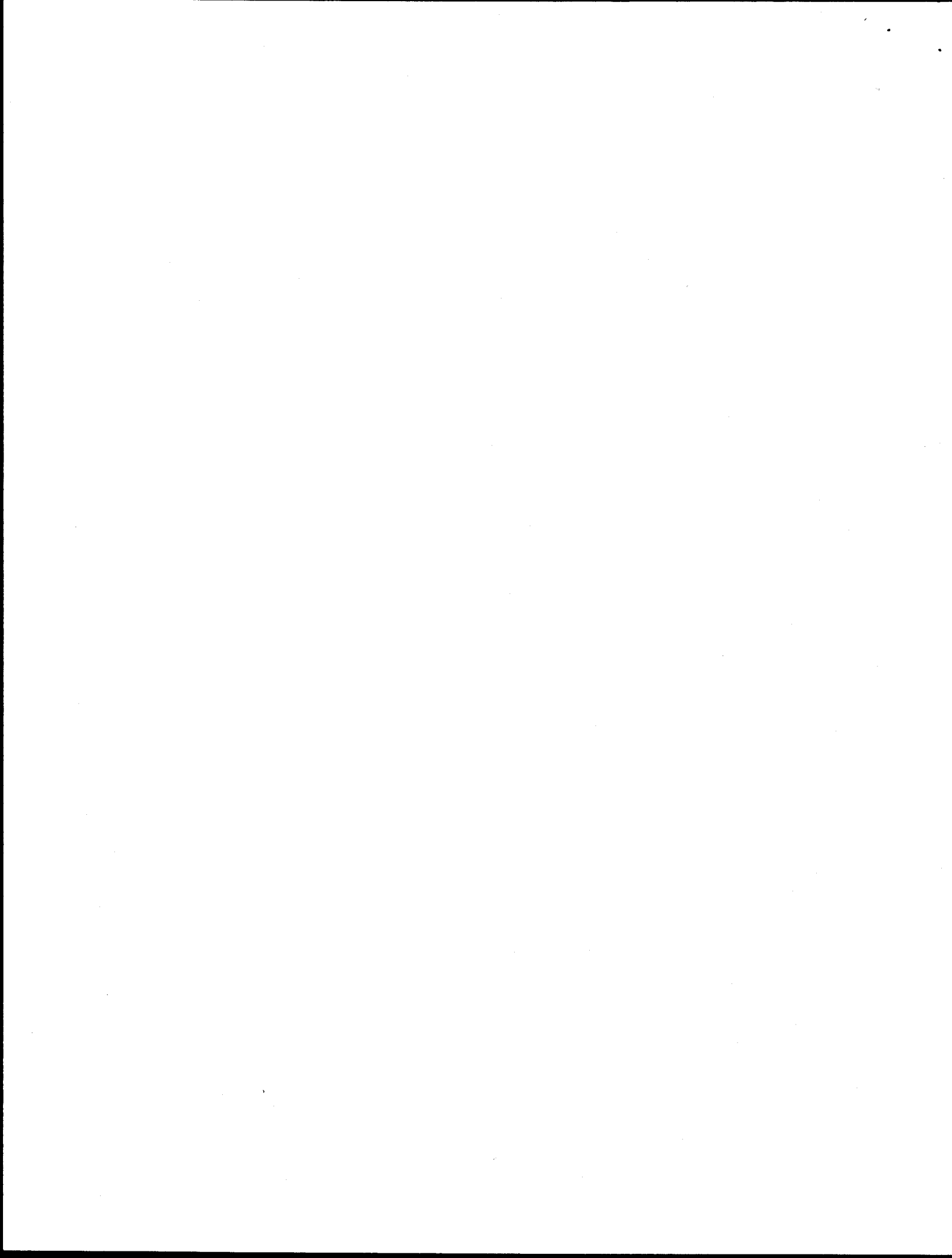


~~sablefish~~ groundfish fisheries, to expand their participation in salmon, herring, and other nearshore fisheries, and to help alleviate the growing social economic crisis within these communities. Residents of western Alaska communities are predominantly Alaska Natives who have traditionally depended upon the marine resources of the Bering Sea for their economic and cultural well-being. The Western Alaska Community Development Quota Program is a joint program of the Secretary and the Governor of the State of Alaska. Through the creation and implementation of community development plans, western Alaska communities will be able to diversify their local economies, provide community residents with new opportunities to obtain stable, long-term employment, and participate in the Bering Sea/Aleutian Islands ~~sablefish~~ fisheries which have been foreclosed to them because of the high capital investment needed to enter the fishery.

The NMFS Regional Director shall hold the designated percent of the annual total allowable catch (TAC) of groundfish ~~sablefish~~ for each management area in the Bering Sea and Aleutian Islands for the western Alaska ~~halibut~~ community quota as noted below. These amounts shall be released to eligible Alaska communities who submit a plan, approved by the Governor of Alaska, for its wise and appropriate use. [The last sentence of this paragraph on purpose and scope is specific to fixed gear sablefish CDQs so is proposed to be moved to the last sentence of the single paragraph in the new section 14.4.7.3 on fixed gear sablefish CDQ allocations.]

[the following paragraph is moved from the pollock CDQ section 14.4.11.6, it is the second paragraph of that section. The first paragraph of 14.4.11.6 is added in the section 14.4.7.3.4 below on pollock CDQ allocations]

The Western Alaska Community Quota program will be structured such that the Governor of Alaska is authorized to recommend to the Secretary that a Bering Sea Rim community be designated as an eligible fishing community to receive a portion of the reserve. To be eligible a community must meet the specified criteria and have developed a fisheries development plan approved by the Governor of Alaska. The Governor shall develop such recommendations in consultation with the Council. The Governor shall forward any such recommendations to the Secretary, following consultation with the Council. Upon receipt of such recommendations, the Secretary may designate a community as an eligible fishing community and, under the plan, may release appropriate portions of the reserve.



[the following paragraph is from the fixed gear sablefish section 14.4.7.1.8(B) (2) with no changes]

Not more than 33 percent of the total Western Alaska community quota may be designated for a single CDQ applicant, except that if portions of the total quota are not designated by the end of the second quarter, applicants may apply for any portion of the remaining quota for the remainder of that year only.

[the following paragraph is from the fixed gear sablefish section 14.4.7.1.8(C) with no changes]

14.4.7.3.2 ELIGIBLE WESTERN ALASKA COMMUNITIES. The Governor of Alaska is authorized to recommend to the Secretary that a community within western Alaska which meets all of the following criteria be eligible for the western Alaska community quota program (hereinafter "the Program"):

- (1) be located on or proximate to the Bering Sea coast from the Bering Strait to the western most of the Aleutian Islands or a community located on an island within the Bering Sea, that the Secretary of the Interior has certified pursuant to section 11(b) (2) or (3) of Pub. L. No. 92-203 as Native villages are defined in section 3(c) of Pub. L. No. 92-203;
- (2) be unlikely to be able to attract and develop economic activity other than commercial fishing that would provide a substantial source of employment;
- (3) its residents have traditionally engaged in and depended upon fishing in the waters of the Bering Sea coast;
- (4) has not previously developed harvesting or processing capability sufficient to support substantial participation in the commercial groundfish fisheries of the Bering Sea/Aleutian Islands because of a lack of sufficient funds for investing in harvesting or processing equipment; and
- (5) has developed a community development plan approved by the Governor, after consultation with the North Pacific Fishery Management Council.

[the following sentence is from section 14.4.1.2.2.1 with no changes]



Also, Akutan will be included in the list of eligible CDQ communities.

[new section number and title using text previously in the fixed gear sablefish section. The first sentence is from 14.4.7.1.8(B) (1) with no changes and the second sentence is the last sentence of the purpose and scope section in 14.4.7.1.8(A) with a change to reference the fixed gear sablefish IFQ section of the FMP]

14.4.7.3.3 FIXED GEAR SABLEFISH CDQ ALLOCATION. [section number and title added]

The NMFS Regional Director shall hold 20 percent of the annual fixed-gear Total Allowable Catch of sablefish for each management area in the Bering Sea/Aleutian Islands Area for the western Alaska sablefish community quota. The portions of sablefish TACs for each management area not designated to CDQ fisheries will be allocated as QS and IFQs and shall be used pursuant to the program outlined in ~~the preceding~~ Section 14.4.7.1.

[new section number and title using text previously in the first paragraph of the inshore/offshore/pollock CDQ section section 14.4.11.6 with no changes]

14.4.7.3.4 POLLOCK CDQ ALLOCATION

For a Western Alaska Community Quota, 50% of the BSAI pollock reserve as prescribed in the FMP will be held annually until the end of the third quarter. This held reserve shall be released to communities on the Bering Sea Coast which submit a plan, approved by the Governor of Alaska, for the wise and appropriate use of the released reserve. Any of this held pollock reserve not released by the end of the third quarter shall be released in accordance with reserve release provisions of the FMP and federal regulations, and in accordance with the inshore and offshore formula established in section 14.4.11.4.

[new section number and title using text previously in 14.4.1.2.2.1]

14.4.7.3.5 MULTISPECIES GROUND FISH AND PROHIBITED SPECIES CDQ ALLOCATIONS

CDQs will be issued for 7.5% of the TAC for all BSAI groundfish species not already covered by another CDQ program (pollock and longline sablefish). A pro-rata share of PSC species will also be issued. PSC will be allocated before the trawl/non-trawl

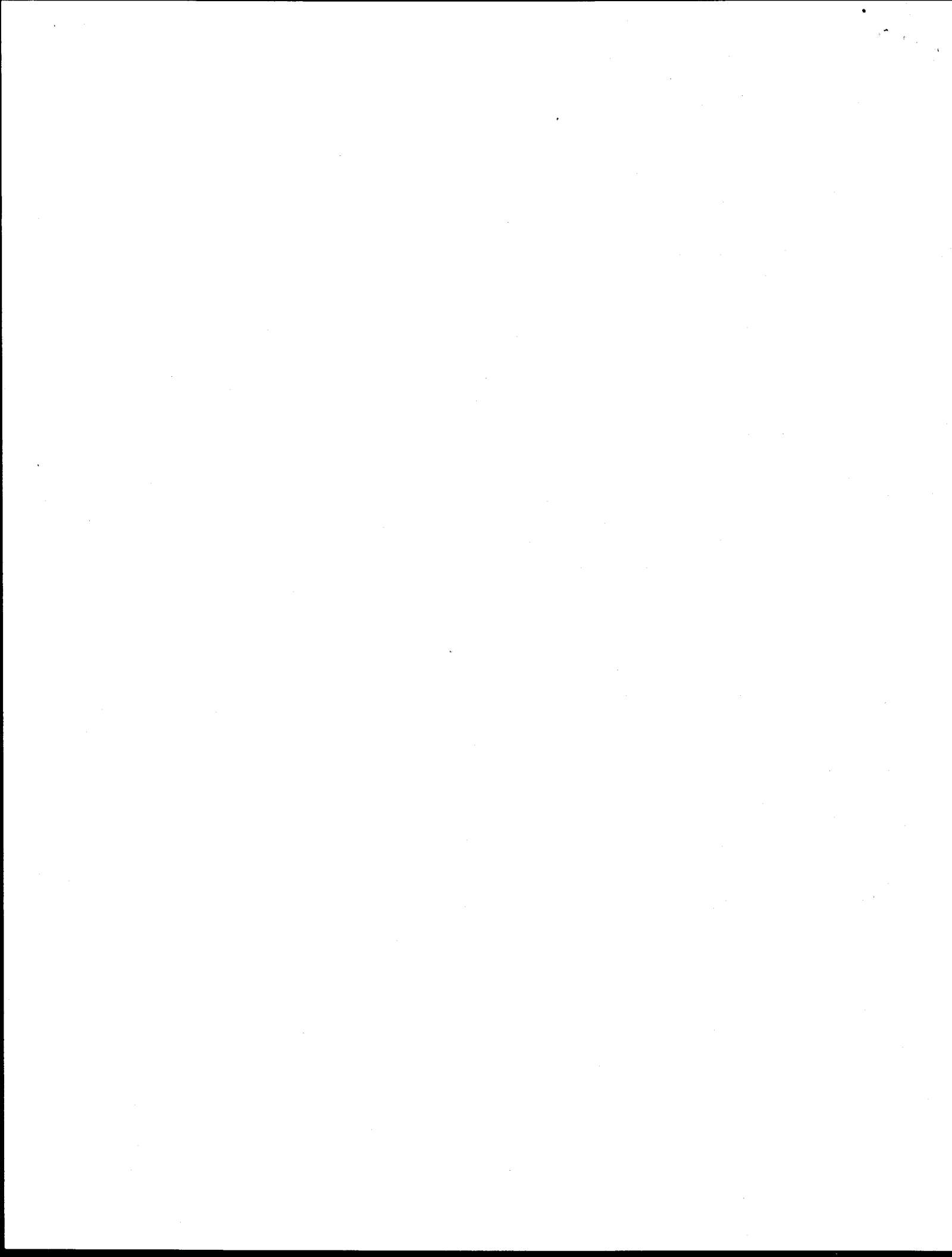
splits. The program will be patterned after the pollock CDQ program ~~(defined in section 14.4.11.6)~~, but will not contain a sunset provision.

[Move 14.4.11.6 to 14.4.7.3.2 and 14.4.7.3.4 and renumber 14.4.11.7]

MAKE THE FOLLOWING REVISION IN SECTION 14.4.11.7
(INSHORE/OFFSHORE SECTION)

14.4.11.6 Duration [formerly 14.4.11.7]

Inshore-offshore allocations of pollock ~~and the Western Alaska Community Quota program~~ shall cease to be a part of this FMP either (1) at midnight on December 31, 1995; or (2) earlier if replaced with another management regime approved by the Secretary.



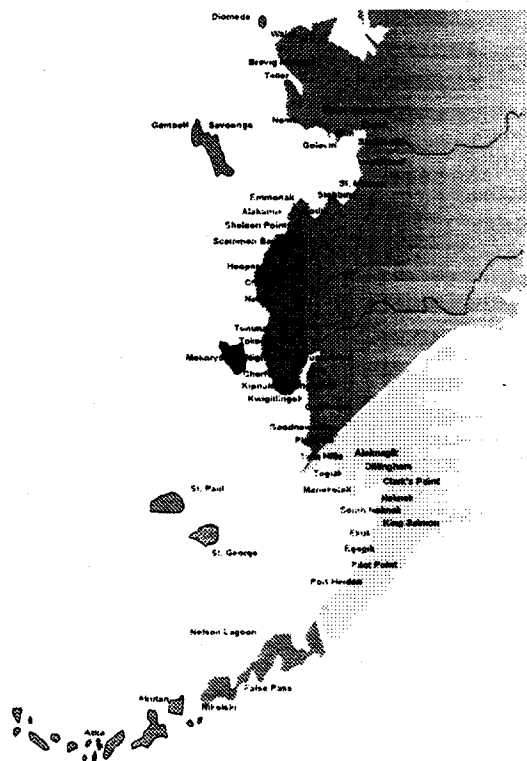
DRAFT FOR SECRETARIAL REVIEW

ENVIRONMENTAL ASSESSMENT/REGULATORY IMPACT REVIEW/
INITIAL REGULATORY FLEXIBILITY ANALYSIS

FOR PLAN AMENDMENT 45

TO THE FISHERY MANAGEMENT PLAN FOR GROUND FISH

IN THE BERING SEA/ALEUTIAN ISLANDS

FOR CONTINUATION OF THE POLLOCK CDQ PROGRAM

Prepared by staff

of the

North Pacific Fishery Management Council
Alaska Department of Community and Regional Affairs
National Marine Fisheries Service

July 20, 1998

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Executive Summary

Section 111(a) of the Sustainable Fisheries Act of 1996 added a new provision to the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) providing specific statutory authority for the CDQ programs for pollock, sablefish, halibut, groundfish, and crab, already approved by the North Pacific Council and the Secretary of Commerce. Section 305(i)(1) requires that the Council and Secretary establish a Western Alaska CDQ program that allocates a percentage of the Total Allowable Catch (TAC) of any Bering Sea fishery. It imposes a moratorium until October 1, 2001, on submission to the Secretary of any CDQ program allocating a percentage of TAC that was not approved by the Council before October 1, 1995, and allows an extension of CDQ programs that expire during the period of the moratorium if they meet the other requirements of the section. It also provides that, for pending CDQ programs and proposed extensions of current programs, the Secretary cannot increase the percentage of TAC allocated to any CDQ program over the amount the Council approved as of October 1, 1995.

Under the above provisions establishing CDQ programs for nearly all BSAI fisheries, the MSFCMA requires the Council and Secretary to act such that a pollock CDQ program exists after its current sunset date. Further, the Council and Secretary are directed to include pollock in the multi-species CDQ program by 1999. The Sustainable Fisheries Act of October 1996 also clearly directs the Council and the Secretary that a pollock CDQ program at an amount up to the existing 7.5 percent of pollock TAC shall be included in a comprehensive multi-species CDQ program.

The Council must act to recommend an FMP amendment to extend the pollock CDQ program past 1998. While the Council could have chosen to lower the CDQ allocation to less than the current 7.5 percent, the Council chose to limit the alternatives in this analysis to:

Alternative 1: No Action.

Alternative 2: Permanently extend the pollock CDQ program at 7.5 percent of the TAC. (*Preferred Alternative*)

Only Alternative 2 appears to be consistent with Congressional intent to have a pollock CDQ program for Western Alaska. Without reauthorization of the pollock CDQ Program, the 56 affected communities, organized into six separate CDQ organizations, will no longer be given an exclusive share of the pollock resource. The 7.5% allocation yields an average of \$2 million in wages, and \$10.2 million net income on annual revenues of nearly \$20 million to CDQ program recipients. These direct benefits likely understate total economic benefits to these communities, due to the indirect benefits generated from the development projects undertaken by the program. Additionally, the direct and indirect impacts of the monies generated by the program represent a differentially higher economic impact when compared to other regions of the State of Alaska and the United States in general. This is due to the relative absence of alternative economic bases in these communities. The social benefits attributable to this program are quite clear and have not been the subject of debate during the program or in consideration of extending the program. During its deliberations in June 1998, the Council chose Alternative 2 as its preferred alternative.

None of the alternatives are expected to have a significant impact on endangered or threatened species, and none would have an affect on takes of marine mammals.

None of the alternatives is expected to result in a "significant regulatory action" as defined in E.O. 12866, National Environmental Policy Act. None of the alternatives would result in an action deemed to be "significant" under the Regulatory Flexibility Act.



1.0 INTRODUCTION

The groundfish fisheries in the Exclusive Economic Zone (EEZ) (3 to 200 miles offshore) off Alaska are managed under the Fishery Management Plan for the Groundfish Fisheries of the Gulf of Alaska and the Fishery Management Plan for the Groundfish Fisheries of the Bering Sea and Aleutian Islands Area. Both fishery management plans (FMP) were developed by the North Pacific Fishery Management Council (Council) under the Magnuson Fishery Conservation and Management Act (Magnuson Act). The Gulf of Alaska (GOA) FMP was approved by the Secretary of Commerce and become effective in 1978 and the Bering Sea and Aleutian Islands Area (BSAI) FMP become effective in 1982.

Actions taken to amend FMPs or implement other regulations governing the groundfish fisheries must meet the requirements of Federal laws and regulations. In addition to the Magnuson Act, the most important of these are the National Environmental Policy Act (NEPA), the Endangered Species Act (ESA), the Marine Mammal Protection Act (MMPA), Executive Order (E.O.) 12866, and the Regulatory Flexibility Act (RFA).

NEPA, E.O. 12866 and the RFA require a description of the purpose and need for the proposed action as well as a description of alternative actions which may address the problem. This information is included in Section 1 of this document. Section 2 contains information on the biological and environmental impacts of the alternatives as required by NEPA. Impacts on endangered species and marine mammals are also addressed in this section. Section 3 contains a Regulatory Impact Review (RIR) which addresses the requirements of both E.O. 12866 and the RFA that economic impacts of the alternatives be considered. Section 4 contains the Initial Regulatory Flexibility Analysis (IRFA) required by the RFA which specifically addresses the impacts of the proposed action on small businesses.

This Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EA/RIR/IRFA) addresses the need to reauthorize the pollock community development quota program (CDQ) for Western Alaska. The pollock CDQ program will sunset on December 31, 1998 unless reauthorized by the Secretary of Commerce. This program has been separated from the current inshore-offshore processor allocations for pollock, which is also scheduled for action in 1998. The Council must act to recommend this amendment if it wishes to extend the pollock CDQ program.

1.1 Purpose of and Need for the Action

In the past, the Council has maintained the linkage between the allocation of pollock to the CDQ reserve and the allocation of pollock between inshore and offshore components of the industry. Recent amendments to the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA), however, indicate that extension of the pollock CDQ program should not be temporary and that it should be combined with the multi-species CDQ program. The Council must act to recommend an FMP amendment to this effect if the Council wants to extend the pollock CDQ program past 1998.

The pollock CDQ program for 1992 through 1995 was part of Amendment 18 to the Fishery Management Plan for the Groundfish Fishery in the Bering Sea and Aleutian Islands. It was approved by the Council in June 1991 and by the Secretary on March 4, 1992. The pollock CDQ program was extended through December 31, 1998, as part of Amendment 38. Amendment 38 was approved by the Council in June 1995 and by the Secretary on November 28, 1995. The multispecies groundfish and crab CDQ program was approved by the Council in June 1995 as part of Amendment 39 and by the Secretary on September 12, 1997. The proposed rule to establish a License Limitation Program (LLP) and expand the Community Development Quota (CDQ) Program was published in the Federal register on August 15, 1997. The CDQ program would be expanded to include a percentage of the total allowable catch (TAC) of BSAI groundfish and crab species in the CDQ allocations. The draft final rule was sent to NMFS HQ for review on March 16, 1998. Numerous changes have been made to the

final rule in response to 87 comments received on the proposed rule. The current target date for publication of the final rule is the week of the April 1998 Council meeting.

Section 111(a) of the Sustainable Fisheries Act of 1996 added a new provision to the MSFCMA providing specific statutory authority for the CDQ programs for pollock, sablefish, halibut, groundfish, and crab, already approved by the North Pacific Council and the Secretary of Commerce. Section 305(i)(1) requires that the Council and Secretary establish a Western Alaska CDQ program that allocates a percentage of the Total Allowable Catch (TAC) of any Bering Sea fishery. It imposes a moratorium until October 1, 2001, on submission to the Secretary of any CDQ program allocating a percentage of TAC that was not approved by the Council before October 1, 1995, and allows an extension of CDQ programs that expire during the period of the moratorium if they meet the other requirements of the section. It also provides that, for pending CDQ programs and proposed extensions of current programs, the Secretary cannot increase the percentage of TAC allocated to any CDQ program over the amount the Council approved as of October 1, 1995 (NOAA 1996).

Section 111(a) Harold Sparck Memorial Community Development Quota Program is the result of strong support for the Western Alaska CDQ program. According to the Senate report and statements on the floor, the intent is for the National Marine Fisheries Service to combine all the existing and proposed Bering Sea CDQ programs into a single, more efficient Western Alaska CDQ program.

NOAA General Counsel (GC) opined that Section 305(i) requires that an FMP amendment be submitted by the Council and approved by the Secretary in order to extend the pollock CDQ program beyond December 31, 1998. The NOAA GC legal opinion on the interpretation of Section 305(i) is included as Appendix I. Section 305(i)(1)(C)(ii) states, "With respect to a fishery management plan, plan amendment, or regulation for a Bering Sea fishery that --(I) allocated to the Western Alaska community development quota program a percentage of the total allowable catch of such fishery; and (II) was approved by the North Pacific Fishery Management Council prior to October 1, 1995; the Secretary shall, except as provided in clause (iii) and after approval of such plan, amendment, or regulation, under section 304, allocate to the program the percentage of the total allowable catch described in such plan, amendment, or regulation."

The primary application of section 305(i)(1)(C)(ii) is to the multispecies and crab program, because that is the only one that had been approved by the North Pacific Council prior to October 1, 1995, but had not yet been approved by the Secretary of Commerce on October 11, 1996. The current pollock CDQ program had already been approved by the Secretary in 1995. This sentence cannot be read as mandating continuation of the pollock CDQ program past its expiration date, because Amendment 38 does not describe any allocation of TAC to the CDQ program for any year after 1998.

As stated above, the MSFCMA requires the Council and Secretary to act such that a pollock CDQ program will exist after its current sunset date. Further, the Council and Secretary are directed to include pollock in the multi-species CDQ program by 1999. The Sustainable Fisheries Act of October 1996, also clearly directs the Council and the Secretary that a pollock CDQ program at an amount up to the existing 7.5 percent of pollock TAC shall be included in a comprehensive multi-species CDQ program.

Congressman Young claimed that it was the intent of both houses that CDQ allocations "shall be large enough to enable communities participating in the program to accomplish the program's objectives, and particularly the objective of establishing a sustainable local economy in each participating community." Section 305(i)(1) has been interpreted to require the Council and the Secretary to establish a single western Alaska CDQ program. Section 305(i)(1)(C)(ii) has been interpreted to cap all CDQ programs at 7.5 percent, the highest percentage recommended for any of the programs prior to October 1, 1995. The Council directed that this analysis only address reauthorizing the pollock CDQ program at the current level of 7.5 percent of the BSAI pollock TAC.

In June 1995, the Council approved the first reauthorization of inshore/offshore (II). At the same meeting, the Council also approved the license limitation program and multi-species CDQ program for groundfish and crab. The Council explicitly included the pollock CDQ allocation as part of the pollock inshore/offshore amendment package, and did not include it in the multi-species CDQ allocation. Its action mandated that the pollock CDQ program would need to be reauthorized along with inshore/offshore (II), or expire at the end of 1998. Since that time significant events have transpired which may affect the context in which the pollock CDQ program is considered. The recent Magnuson-Stevens Act includes very specific language pertaining to Western Alaska CDQ allocations. The language from Section 305 is shown in Appendix II.

The language in the Act appears to be non-discretionary in nature: i.e., it requires the North Pacific Council, and the Secretary of Commerce, to allocate a percentage of the TAC of any Bering Sea fishery under Council jurisdiction to the CDQ program. Further, the language under Section (C)(ii)(II) appears to dictate the percentage of such allocation... "with respect to any plan... that was approved by the Council prior to October 1, 1995; the Secretary shall... allocate to the program the percentage of the TAC described in such plan..."

The Congressional record (Report on the Sustainable Fisheries Act, Senate Committee on Commerce, Science, and Transportation) further illustrates the intent of Congress with regard to the CDQ allocations where it states, "this bill legislatively mandates both current and proposed Bering Sea CDQ programs, and authorizes similar programs in the western Pacific."

To clarify congressional intent, staff researched the congressional record of the legislation. The Senate Commerce Committee report on S.39, dated May 23, 1996, states on the pages shown in parentheses:

"The North Pacific Council has implemented CDQ programs that set aside about 7.5 percent of the Bering Sea harvests of pollock, halibut, and sablefish for 55 villages in western Alaska. In addition that Council has recommended CDQs in several other major Bering Sea fisheries, including crab. The bill legislatively mandates both current and proposed Bering Sea CDQ programs and authorizes similar programs in the western Pacific (p.6)

In June of 1995, the North Pacific Council renewed the pollock CDQ program by unanimous consent (with one abstention) (p. 27) ... New section 305(i) of the Magnuson Act would explicitly provide for the western Alaska CDQ programs and combine them in a single program for regulatory efficiency... (p. 28)

New subsection (i) of section 305 of the Magnuson Act would require the North Pacific Council and the Secretary to establish a western Alaska community development program under which a percentage of the total allowable catch of each Bering Sea fishery is allocated to the program. Bering Sea CDQ programs already recommended or submitted by the North Pacific Council would be combined into a single, more efficient western Alaska CDQ program ... (p. 28)

This subsection would establish a moratorium through FY 2000 on the submission by the North Pacific Council of a ... western Alaska CDQ program unless the Council had recommended a CDQ allocation in the fishery prior to October 1, 1995. The moratorium therefore would limit the new combined western Alaska CDQ program to the pollock, halibut, sablefish, crab and groundfish fisheries until September 30, 2000. In addition the Secretary would be prohibited during that period from approving or implementing a greater percentage of the total allowable catch of the Bering Sea pollock, ... for the western Alaska CDQ program than the North Pacific Council had already recommended as of September 30, 1995 in those fisheries. The effect of this restriction with respect to pollock would be that North Pacific Council and Secretary would be required to continue to allocate a percentage of pollock to the western Alaska CDQ program, notwithstanding the current expiration date for pollock CDQs, but the

Secretary would not be allowed to approve a percentage higher than 7.5 percent for pollock CDQs prior to October 1, 2000. (pp.28-29)

Senator Stevens' comments on the Senate floor on September 19, 1996, concerning manager's amendments to S. 39, echo the committee report:

Pacific Community Fisheries. The amendment requires the North Pacific Council and Secretary to establish a western Alaska community development quota (CDQ) program under which a percentage of the total allowable catch of each Bering Sea fishery is allocated to western Alaska communities that participate in the program. The amendment prevents the North Pacific Council from increasing the percentage of any CDQ allocation approved by the Council prior to October 1, 1995 until after September 30, 2001. The amendment includes a sentence at the end of a new section 305(i)(1)(C)(i) making clear that this cap through September 30, 2001 does not prevent the extension of the pollock CDQ allocation beyond 1996. In complying with the western Alaska CDQ requirement, a percentage of the pollock fishery (and each Bering Sea fishery) must be allocated to the program every year. In the event that the North Pacific Council fails to submit an extension of the pollock CDQ in 1998, it is the intent that the Secretary continue to allocate to the western Alaska CDQ program the percentage of pollock approved by the Council for previous years until the Council submits an extension.

The Council retains the ability to revise CDQ allocations, except as provided in the amendment for crab fisheries, provided that the allocations not exceed the levels approved by the Council prior to October 1, 1995 (after September 30, 2001, the Council retains the full ability to revise CDQ allocations). The Secretary is required to phase in the CDQ percentage already approved by the North Pacific Council for the Bering crab fisheries, allocating 3.5 percent in 1998, 5 percent in 1999 and 7.5 percent for 2001 or any other percentage on or after October 1, 2001. CDQ allocations already approved by the Council (pollock, halibut, sablefish, crab and groundfish) do not need to be resubmitted by the Council or reapproved (if already approved) by the Secretary.

The legislative history indicates strong Congressional intent that the pollock CDQ program continue, although the Council might be able to consider a reduced percentage. In summary, NOAA GC asserts, "When section 305(i) is read in its entirety, we believe that it requires an FMP amendment to be submitted by the Council and approved by the Secretary to extend the pollock CDQ program beyond December 31, 1998."

1.2 Alternatives Considered

This analysis is based on the description of the CDQ program as it was described in the proposed rule, published in the Federal register on August 15, 1997. The analysis will be revised upon publication of the final rule.

1.2.1 Alternative 1: No Action.

Under Alternative 1, the pollock CDQ program would sunset on December 31, 1998. The legislative history indicates Congressional intent for the CDQ program not to expire. NOAA GC has concluded that the Council is not required to submit a revision or extension of the pollock CDQ program and may choose to allow the program to expire (Appendix I).

1.2.2 Alternative 2: Permanently extend the pollock CDQ program at 7.5 percent of the TAC.

Alternative 2 would recommend that the Secretary extend the pollock CDQ program at the existing level of 7.5 percent of the pollock TAC, allocated to the CDQ reserve, without a sunset date. The intent is to include pollock

in the multi-species CDQ program to be implemented in mid-1998. Note that the pollock CDQ program extends through December 31, 1998, regardless of the date of initial implementation of the multi-species CDQ program.

The MSFCMA limits the amount of TAC that may be allocated to a pollock CDQ reserve to not more than 7.5 percent of the TAC through October 1, 2001. The Council may choose an allocation less than 7.5 percent, but may not recommend an allocation greater than 7.5 percent until after October 1, 2001. In September 1997, the Council decided to limit the alternatives in the reauthorization of the pollock CDQ program to: (1) the "no action" alternative and (2) continuation of the pollock CDQ program, without a sunset date, at 7.5 percent.

2.0 NEPA REQUIREMENTS: ENVIRONMENTAL IMPACTS OF THE ALTERNATIVES

An environmental assessment (EA) is required by the National Environmental Policy Act of 1969 (NEPA) to determine whether the action considered will result in significant impact on the human environment. If the action is determined not to be significant based on an analysis of relevant considerations, the EA and resulting finding of no significant impact (FONSI) would be the final environmental documents required by NEPA. An environmental impact statement (EIS) must be prepared for major Federal actions significantly affecting the human environment.

An EA must include a brief discussion of the need for the proposal, the alternatives considered, the environmental impacts of the proposed action and the alternatives, and a list of document preparers. The purpose and alternatives were discussed in Sections 1.1 and 1.2, and the list of preparers is in Section 8. This section contains the discussion of the environmental impacts of the alternatives including impacts on threatened and endangered species and marine mammals.

2.1 Environmental Impacts of the Alternatives

The environmental impacts generally associated with fishery management actions are effects resulting from (1) harvest of fish stocks which may result in changes in food availability to predators and scavengers, changes in the population structure of target fish stocks, and changes in the marine ecosystem community structure; (2) changes in the physical and biological structure of the marine environment as a result of fishing practices, e.g., effects of gear use and fish processing discards; and (3) entanglement/entrapment of non-target organisms in active or inactive fishing gear.

A summary of the effects of the annual groundfish harvests on the biological environment and associated impacts on marine mammals, seabirds, and other threatened or endangered species are discussed in the final environmental assessment for the annual groundfish total allowable catch specifications (NMFS 1998).

2.2 Impacts on Endangered or Threatened Species

Background. The ESA provides for the conservation of endangered and threatened species of fish, wildlife, and plants. The program is administered jointly by NMFS for most marine species, and the US Fish and Wildlife Service (FWS) for terrestrial and freshwater species.

The ESA procedure for identifying or listing imperiled species involves a two-tiered process, classifying species as either threatened or endangered, based on the biological health of a species. Threatened species are those likely to become endangered in the foreseeable future [16 U.S.C. §1532(20)]. Endangered species are those in danger of becoming extinct throughout all or a significant portion of their range [16 U.S.C. §1532(20)]. The Secretary of Commerce, acting through NMFS, is authorized to list marine mammal and fish species. The Secretary of the Interior, acting through the FWS, is authorized to list all other organisms.

In addition to listing species under the ESA, the critical habitat of a newly listed species must be designated concurrent with its listing to the "maximum extent prudent and determinable" [16 U.S.C. §1533(b)(1)(A)]. The ESA defines critical habitat as those specific areas that are essential to the conservation of a listed species and that may be in need of special consideration. The primary benefit of critical habitat designation is that it informs Federal agencies that listed species are dependent upon these areas for their continued existence, and that consultation with NMFS on any Federal action that may affect these areas is required. Some species, primarily the cetaceans, listed in 1969 under the Endangered Species Conservation Act and carried forward as endangered under the ESA, have not received critical habitat designations.

Listed Species. The following species are currently listed as endangered or threatened under the ESA and occur in the GOA and/or BSAI:

Endangered

Northern Right Whale
Bowhead Whale¹
Sei Whale
Blue Whale
Fin Whale
Humpback Whale
Sperm Whale
Snake River Sockeye Salmon
Short-tailed Albatross
Steller Sea Lion²

Balaena glacialis
Balaena mysticetus
Balaenoptera borealis
Balaenoptera musculus
Balaenoptera physalus
Megaptera novaeangliae
Physeter macrocephalus
Oncorhynchus nerka
Diomedea albatrus
Eumetopias jubatus

Threatened

Snake River Fall Chinook Salmon
Snake River Spring/Summer Chinook Salmon
Steller Sea Lion³
Spectacled Eider

Oncorhynchus tshawytscha
Oncorhynchus tshawytscha
Eumetopias jubatus
Somateria fishcheri

Section 7 Consultations. Because both groundfish fisheries are federally regulated activities, any negative effects of the fisheries on listed species or critical habitat and any takings⁴ that may occur are subject to ESA section 7 consultation. NMFS initiates the consultation and the resulting biological opinions are issued to NMFS. The Council may be invited to participate in the compilation, review, and analysis of data used in the consultations. The determination of whether the action "is likely to jeopardize the continued existence of" endangered or threatened species or to result in the destruction or modification of critical habitat, however, is the responsibility of the appropriate agency (NMFS or FWS). If the action is determined to result in jeopardy, the opinion includes reasonable and prudent measures that are necessary to alter the action so that jeopardy is

¹species is present in Bering Sea area only.

²listed as endangered west of Cape Suckling.

³listed as threatened east of Cape Suckling.

⁴ the term "take" under the ESA means "harass, harm, pursue, hunt, shoot, wound, kill, trap, capture or collect, or attempt to engage in any such conduct" (16 U.S.C. §1538(a)(1)(B)).

avoided. If an incidental take of a listed species is expected to occur under normal promulgation of the action, an incidental take statement is appended to the biological opinion.

Section 7 consultations have been done for all the above listed species, some individually and some as groups. Below are summaries of the consultations.

Endangered Cetaceans. NMFS concluded a formal section 7 consultation on the effects of the BSAI and GOA groundfish fisheries on endangered cetaceans within the BSAI and GOA on December 14, 1979, and April 19, 1991, respectively. These opinions concluded that the fisheries are unlikely to jeopardize the continued existence or recovery of endangered whales. Consideration of the bowhead whale as one of the listed species present within the area of the Bering Sea fishery was not recognized in the 1979 opinion, however, its range and status are not known to have changed. No new information exists that would cause NMFS to alter the conclusion of the 1979 or 1991 opinions. NMFS has no plan to reopen Section 7 consultations on the listed cetaceans for this action. Of note, however, are observations of Northern Right Whales during Bering Sea stock assessment cruises in the summer of 1997 (NMFS per. com). Prior to these sightings, and one observation of a group of two whales in 1996, confirmed sightings had not occurred.

Steller sea lion. The Steller sea lion range extends from California and associated waters to Alaska, including the Gulf of Alaska and Aleutian Islands, and into the Bering Sea and North Pacific and into Russian waters and territory. In 1997, based on biological information collected since the species was listed as threatened in 1990 (60 FR 51968), NMFS reclassified Steller sea lions as two distinct population segments under the ESA (62 FR 24345). The Steller sea lion population segment west of 144°W. longitude (a line near Cape Suckling, Alaska) is listed as endangered; the remainder of the U.S. Steller sea lion population remains listed as threatened.

NMFS designated critical habitat in 1993 (58 FR 45278) for the Steller sea lion based on the Recovery Team's determination of habitat sites essential to reproduction, rest, refuge, and feeding. Listed critical habitats in Alaska include all rookeries, major haul-outs, and specific aquatic foraging habitats of the BSAI and GOA. The designation does not place any additional restrictions on human activities within designated areas. No changes in critical habitat designation were made as result of the 1997 re-listing.

Beginning in 1990 when Steller sea lions were first listed under the ESA, NMFS determined that both groundfish fisheries may adversely affect Steller sea lions, and therefore conducted Section 7 consultation on the overall fisheries (NMFS 1991), and subsequent changes in the fisheries (NMFS 1992). The biological opinion on the BSAI and GOA fisheries effects on Steller sea lions issued by NMFS on January 26, 1996 concluded that these fisheries and harvest levels are unlikely to jeopardize the continued existence and recovery of the Steller sea lion or adversely modify critical habitat. NMFS conducted an informal Section 7 consultation on Steller sea lions for this action in 1997 and concluded that the GOA groundfish fishery and the 1997 TAC amounts were not likely to affect Steller sea lions in a way or to an extent not already considered in previous Section 7 consultations (NMFS, January 17, 1997). Reinitiation of formal consultation was not required at that time. NMFS has reopened formal consultation on the 1998 fishery to evaluate new information specific to the 60 percent increase of pollock TAC in the combined W/C Regulatory Area. The 1998 biological opinion concluded that the 1998 fishery was not likely to jeopardize the continued existence and recovery of Steller sea lions or to adversely modify critical habitat.

Pacific Salmon. No species of Pacific salmon originating from freshwater habitat in Alaska are listed under the ESA. These listed species originate in freshwater habitat in the headwaters of the Columbia (Snake) River. During ocean migration to the Pacific marine waters a small (undetermined) portion of the stock extend into the Gulf of Alaska as far east as the Aleutian Islands. In that habitat they are mixed with hundreds to thousands of other stocks originating from the Columbia River, British Columbia, Alaska, and Asia. The listed fish are not

visually distinguishable from the other, unlisted, stocks. Mortal take of them in the chinook salmon bycatch portion of the fisheries is assumed based on sketchy information on abundance, timing, and migration patterns.

NMFS designated critical habitat in 1992 (57 FR 57051) for the Snake River sockeye, Snake River spring/summer chinook, and Snake River fall chinook salmon. The designations did not include any marine waters and, therefore, does not include any of the habitat where the groundfish fisheries are promulgated.

NMFS has issued two biological opinions and no-jeopardy determinations for listed Pacific salmon in the Alaska groundfish fisheries (NMFS 1994, NMFS 1995). Conservation measures were recommended to reduce salmon bycatch and improve the level of information about the salmon bycatch. The no jeopardy determination was based on the assumption that if total salmon bycatch is controlled, the impacts to listed salmon are also controlled. The incidental take statement appended to the second biological opinion allowed for take of one Snake River fall chinook and zero take of either Snake River spring/summer chinook or Snake River sockeye, per year. As explained above, it is not technically possible to know if any have been taken. Compliance with the biological opinion is stated in terms of limiting salmon bycatch per year to under 55,000 and 40,000 for chinook salmon, and 200 and 100 sockeye salmon in the BSAI and GOA fisheries, respectively.

Short-tailed albatross. The entire world population in 1995 was estimated as 800 birds; 350 adults breed on two small islands near Japan (H. Hasegawa, per. com.). The population is growing but is still critically endangered because of its small size and restricted breeding range. Past observations indicate that older short-tailed albatrosses are present in Alaska primarily during the summer and fall months along the shelf break from the Alaska Peninsula to the GOA, although 1- and 2-year old juveniles may be present at other times of the year (FWS 1993). Consequently, these albatrosses generally would be exposed to fishery interactions most often during the summer and fall--during the latter part of the second and the whole of the third fishing quarters.

Short-tailed albatrosses reported caught in the longline fishery include two in 1995, one in October 1996, and none in 1997. Both 1995 birds were caught in the vicinity of Unimak Pass and were taken outside the observers' statistical samples.

Formal consultation on the effects of the groundfish fisheries on the short-tailed albatross under the jurisdiction of the FWS concluded that BSAI and GOA groundfish fisheries would adversely affect the short-tailed albatross and would result in the incidental take of up to two birds per year, but would not jeopardize the continued existence of that species (FWS 1989). Subsequent consultations for changes to the fishery that might affect the short-tailed albatross also concluded no jeopardy (FWS 1995, FWS 1997). The US Fish and Wildlife Service does not intend to renew consultation for this action.

Spectacled Eider. These sea ducks feed on benthic mollusks and crustaceans taken in shallow marine waters or on pelagic crustaceans. The marine range for spectacled eider is not known, although Dau and Kitchinski (1977) review evidence that they winter near the pack ice in the northern Bering Sea. Spectacled eider are rarely seen in U.S. waters except in August through September when they molt in northeast Norton Sound and in migration near St. Lawrence Island. The lack of observations in U.S. waters suggests that, if not confined to sea ice polynyas, they likely winter near the Russian coast (FWS 1993). Although the species is noted as occurring in the GOA and BSAI management areas, no evidence exists that they interact with these groundfish fisheries.

Conditions for Re-initiation of Consultation. For all ESA listed species, consultation must be reinitiated if: the amount or extent of taking specified in the Incidental Take Statement is exceeded, new information reveals effects of the action that may affect listed species in a way not previously considered, the action is subsequently modified in a manner that causes an effect to listed species that was not considered in the biological opinion, or a new species is listed or critical habitat is designated that may be affected by the action.

2.3 Impacts on Marine Mammals Not Listed Under the ESA

Marine mammals not listed under the ESA that may be present in the GOA and BSAI include cetaceans, [minke whale (*Balaenoptera acutorostrata*), killer whale (*Orcinus orca*), Dall's porpoise (*Phocoenoides dalli*), harbor porpoise (*Phocoena phocoena*), Pacific white-sided dolphin (*Lagenorhynchus obliquidens*), and the beaked whales (e.g., *Berardius bairdii* and *Mesoplodon spp.*)] as well as pinnipeds [northern fur seals (*Callorhinus ursinus*), and Pacific harbor seals (*Phoca vitulina*)] and the sea otter (*Enhydra lutris*).

None of the alternatives will affect takes of other marine mammals not listed under the ESA. Therefore, none of the alternatives are expected to have a significant impact on marine mammals not listed under the ESA.

2.4 Coastal Zone Management Act

Implementation of each of the alternatives would be conducted in a manner consistent, to the maximum extent practicable, with the Alaska Coastal Management Program within the meaning of Section 30(c)(1) of the Coastal Zone Management Act of 1972 and its implementing regulations.

2.5 Conclusions or Finding of No Significant Impact

The alternatives simply determine whether 7.5 percent of the BSAI pollock TAC will continue to be allocated to the CDQ program. Neither alternative will alter the total amount of pollock harvested in the fisheries, nor will either alternative significantly affect the timing or nature of harvest. Therefore, none of the alternatives are likely to significantly affect the quality of the human environment, and the preparation of an environmental impact statement for the proposed action is not required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

Assistant Administrator for Fisheries, NOAA

Date

3.0 REGULATORY IMPACT REVIEW: ECONOMIC AND SOCIOECONOMIC IMPACTS OF THE ALTERNATIVES

This section examines the pollock CDQ program, including discussions of the likely impacts of either continuing or discontinuing the program. It provides information about the economic and socioeconomic impacts of the alternatives including identification of the individuals or groups that may be affected by the action, the nature of these impacts, quantification of the economic impacts if possible, and discussion of the trade offs between qualitative and quantitative benefits and costs.

The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following statement from the order:

In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nevertheless essential to consider. Further, in choosing among alternative regulatory approaches, agencies should select those approaches that maximize net benefits (including potential economic, environment, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.

This section also addresses the requirements of both E.O. 12866 and the Regulatory Flexibility Act to provide adequate information to determine whether an action is "significant" under E.O. 12866 or will result in "significant" impacts on small entities under the RFA.

E. O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant". A "significant regulatory action" is one that is likely to:

- (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

A regulatory program is "economically significant" if it is likely to result in the effects described above. The RIR is designed to provide information to determine whether the proposed regulation is likely to be "economically significant."

Major topics included in this regulatory impact review are summarized from a report prepared by the State of Alaska Department of Community and Regional Affairs and attached to this analysis as Appendix III:

- Background on the development of the program; a description of the regulatory and operating environment of the communities involved, with a focus on the 56 communities and six CDQ groups involved, including basic demographic, employment, and physical descriptive information; the incorporation of the pollock CDQ

program into the multi-species CDQ program; and some of the adjustments made to program administration since its inception. A comparison of this region as it existed in 1990, prior to implementation of the CDQ program, and the program through 1998 is provided to assess whether the program has attained its goals and objectives. (Section 3.2)

- Program administration by the State of Alaska. It provides a summary of CDQ groups and activities for 1992-98 and those projected into the multi-species CDQ program. Detailed descriptions of the process developed for application and allocation of the CDQ reserve to the six eligible CDQ organizations are described in Appendix III. (Section 3.3)
- Descriptions of the basic organizations of the six groups, their respective allocations and business partnerships, and the primary goals and objectives of each group. Specific projects, and the level of progress on each project for each of the six groups, their management structures and detailed statements of objectives are described in Appendix III. (Section 3.4)
- Employment and direct income impacts of the CDQ program are described, with comparisons provided to the "pre-CDQ" status. Indirect effects are also estimated. (Section 3.5)
- Projections, primarily qualitative, of the impacts of allowing the program to sunset at the end of 1998, or reauthorizing the program indefinitely. (Section 3.6)

3.1 Alternatives to be considered

At its September 1997 meeting, the Council decided to limit the alternatives for reauthorization of the pollock CDQ program to the "no action" alternative and continuation of the pollock CDQ program, without a sunset date, at 7.5 percent.

3.1.1 Alternative 1: Status Quo.

Under the status quo alternative, the pollock CDQ program would sunset on December 31, 1998. The current MSFCMA requires that a pollock CDQ program exist after its current sunset date and shall be included in the multi-species CDQ program by 1999. The Sustainable Fisheries Act of October 1996, clearly directs the Council and the Secretary that a pollock CDQ program at an amount up to the existing 7.5 percent of pollock TAC shall be included in a comprehensive multi-species CDQ program, which would also include the existing halibut and sablefish CDQ program and the recently approved CDQ programs for groundfish and crab.

3.1.2 Alternative 2: Permanently extend the pollock CDQ program at 7.5 percent of the TAC.

Alternative 2 would recommend that the Secretary extend the pollock CDQ program at the existing level of 7.5 percent of the pollock TAC, allocated to the CDQ reserve, without a sunset date. The intent is to include pollock in the multi-species CDQ program to be implemented in mid-1998. Note that the pollock CDQ program extends through December 31, 1998, regardless of the date of initial implementation of the multi-species CDQ program.

The MSFCMA limits the amount of TAC that may be allocated to a pollock CDQ reserve to not more than 7.5 percent of the TAC through October 1, 2001. The Council may choose an allocation less than 7.5 percent, but may not recommend an allocation greater than 7.5 percent until after October 1, 2001.

3.2 Summary of Development and Regulatory Environment

3.2.1 Development of the Pollock CDQ Program

In 1991, in response to the Council's inclusion of the 7.5% pollock CDQ reserve as part of Amendment 18/23, the State of Alaska developed a CDQ task force composed of members from the Department of Commerce and Economic Development, Department of Fish and Game, and the Department of Community and Regional Affairs. This task force, in consultation with NMFS, authored a paper titled, "Western Alaska Community Development Quota Program Criteria and Procedures" (CDQ Criteria). This paper was the blue print for the CDQ program, describing its purpose and goals and the procedures by which it would be implemented and administered. The State contracted with a private consultant for completion of the Environmental Assessment/Regulatory Impact Review/Initial Regulatory Flexibility Analysis to which the CDQ Criteria was attached as Appendix I. The final rule implementing Amendment 18 (57 FR 23321, June 3, 1992), or the "inshore-offshore" amendment, approved the CDQ program in concept for a temporary period from 1992 through 1995. Amendment 18 provided only for the basic allocation of pollock for the CDQ program. The CDQ allocation provides for 7.5% of the pollock total allowable catch (TAC), or one-half of the non-specific reserve for each BSAI subarea to be set aside in a "CDQ reserve."

A regulatory amendment separate from Amendment 18 implemented the CDQ program by providing regulations specifying the contents of Community Development Plans (CDPs) and the procedures for their approval by the Secretary. Approval of a CDP by the Secretary would result in the allocation of a portion of the "CDQ reserve" to a group of eligible western Alaska communities. The Council was interested in a 1992 implementation of the CDQ program because Amendment 18 authorized the CDQ program for only four years (1992-1995). NMFS quickly completed the implementing regulations in time for the successful CDQ applicants to harvest the available 1992 CDQ pollock quota. The proposed implementing regulations were published in the Federal Register in October (57 FR 46139, October 7, 1992). As a time-saving measure, the final rule only included the years 1992 and 1993 (57 FR 54936, November 23, 1992). A second final rule for 1994 and 1995 was published later (58 FR 32874, June 14, 1993). Immediately upon publishing the 1992/1993 CDQ final rule, the State initiated the CDQ application process, consultation with the Council on the Governor's recommendations for approved CDPs, and forwarding the recommended CDPs to the Secretary of Commerce for final approval after review and concurrence of the NPFMC. The Secretary of Commerce published the approval of the Governor's recommendations for CDPs on December 9 (57 FR 58157, December 9, 1992), and pollock CDQ fishing began.

A pollock CDQ proposed regulatory amendment (58 FR 68386, December 27, 1993) and a final regulatory amendment were completed in 1994 (59 FR 25346, May 16, 1994). This amendment required 100 percent observer coverage on CDQ catcher vessels, observer coverage of all CDQ landings at shoreside processors, and two observers on each pollock CDQ processing vessel. The use of volumetric or scale weight measurements of total catch is also required.

3.2.2 Development of the Halibut/Sablefish CDQ Program

The Council proposed the Halibut/Sablefish CDQ program in conjunction with the Individual Fishing Quota (IFQ) program to provide expanded CDQ benefits to eligible western Alaska communities to help achieve the goals and purpose of the CDQ program. The IFQ proposed rule was published in the Federal Register on December 3, 1992 (57 FR 57130, December 3, 1992), and the IFQ final rule was published on November 9, 1993 (58 FR 59375, November 9, 1993). Over a dozen plan and regulatory amendments to the Halibut/Sablefish CDQ program have been implemented since the program became effective in 1995.

3.2.3 Development of the Multi-species CDQ Program

At its meeting in June 1995, the Council recommended a further expansion of the CDQ program. The Council recommended that 7.5 percent of all BSAI groundfish TACs not already covered by a CDQ program along with a pro-rata share of the prohibited species catch (PSC) limit, and 7.5 percent of the BSAI crab be allocated to CDQ communities as defined in the regulations implementing the current CDQ program. The Council recommended that the expanded program be designed similarly to the current pollock CDQ program. Further, the Council did not recommend a termination date as currently exists for the pollock CDQ program.

Description of CDQ Species

Amendment 39 to the BSAI Groundfish FMP and Amendment 5 to the BSAI Crab FMP, which included the multi-species CDQ program, were approved by the Secretary of Commerce on September 12, 1997. Final regulations implementing the MS CDQ program was published on June 4, 1998. The multispecies CDQ program now includes pollock, fixed-gear sablefish and halibut, as well as the remaining groundfish species, crab, and PSQ species approved under Amendments 39/5.

3.2.4 Overall Goals and Objectives of the CDQ Programs

The goals and purpose of the CDQ program are to allocate CDQ to eligible Western Alaska communities to provide the means for starting or supporting commercial fishery activities that will result in ongoing, regionally based, commercial fishery or related businesses (Figure 1). The CDQ programs were developed to address certain long-standing problems in the predominantly Alaska Native communities. These communities are isolated and have few natural resources with which to develop a solid, diversified economic base and stable, long-term employment. Unemployment rates are high, resulting in substantial social problems. The fisheries resources of the BSAI are adjacent to these communities, and could provide a means to develop the local economies, but the ability to participate in these fisheries is difficult because of the high capital investment needed for entry.

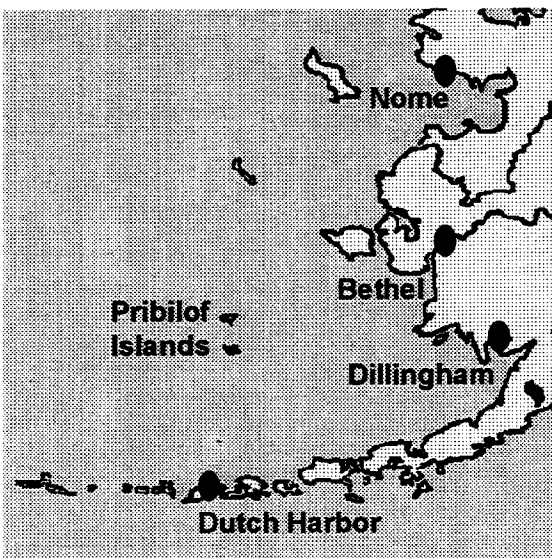


Figure 1. Western Alaska communities.

3.2.5 Western Alaska Communities and Organizations in the CDQ Program

There are 56 communities in the CDQ region of western Alaska (Table 1). The State of Alaska has reviewed and the Council has approved six CDQ organizations for managing these fisheries allocations: Aleutian Pribilof Island Development Association (APICDA), Bristol Bay Economic Development Corporation (BBEDC), Central Bering Sea Fishermen's Association (CBSFA), Coastal Villages Region Fund (CVRF), Norton Sound Economic Development Corporation (NSEDC), and Yukon Delta Fisheries Development Association (YDFDA). Membership of each CDQ group is composed of at least one representative from each member community. An appropriate governing body from each community joins a CDQ group by electing a representative from the community to the CDQ organization's Board of Directors. Three-quarters of the members of each Board are required to be either commercial or subsistence fishermen.

Table 1. List of CDQ Communities by Group



Aleutian Pribilof Island Community Development Association (APICDA)

- | | | |
|-----------|------------------|---------------|
| 1. Akutan | 3. False Pass | 5. Nikolski |
| 2. Atka | 4. Nelson Lagoon | 6. St. George |



Bristol Bay Economic Development Corporation (BBEDC)

- | | | |
|------------------|------------------------|------------------|
| 1. Aleknagik, | 6. Manokotak | 10. Port Heiden |
| 2. Clark's Point | 7. Naknek | 11. South Naknek |
| 3. Dillingham | 8. King Salmon | 12. Togiak |
| 4. Egegik | /Savonoski | 13. Twin Hills |
| 5. Ekuk | 9. Pilot Point/Ugashik | |



Central Bering Sea Fishermen's Association (CBSFA)

1. St. Paul



Coastal Villages Region Fund (CVRF)

- | | | |
|-----------------|-----------------|------------------|
| 1. Cherfornak | 7. Kongiganak | 13. Quinhagak |
| 2. Chevak | 8. Kwigillingok | 14. Scammon Bay |
| 3. Eek | 9. Mekoryuk | 15. Tooksook Bay |
| 4. Goodnews Bay | 10. Newtok | 16. Tuntutuliak |
| 5. Hooper Bay | 11. Nightmute | 17. Tununak |
| 6. Kipnuk | 12. Platinum | |



Norton Sound Economic Development Corporation (NSEDC)

- | | | |
|-------------------|-----------------|--------------------|
| 1. Brevig Mission | 7. Nome | 13. Unalakleet |
| 2. Diomede/Inalik | 8. Savoonga | 14. Wales |
| 3. Elim | 9. Shaktoolik | 15. White Mountain |
| 4. Gambell | 10. St. Michael | |
| 5. Golovin | 11. Stebbins | |
| 6. Koyuk | 12. Teller | |



Yukon Delta Economic Development Association (YDFDA)

1. Alakanuk
2. Emmonak
3. Kotlik
4. Sheldon Point

These 56 CDQ communities bordering the Bering Sea make up one of the most economically depressed regions of the United States. A major goal of the program is to allow these communities to accumulate sufficient capital so they can invest in the fishery, thus bringing sustainable economic development to the region. This report examines the economic impacts of the first six years of the Bering Sea pollock CDQ program on the western Alaska region.

These communities had a total population of 21,037 in 1990 (Table 2). By 1997, the population had increased 16% to 24,395. The combined population of the villages represented by individual CDQ groups range from 546 for the Aleutian Pribilof Island Community Development Association (APICDA) to 8,974 for the Norton Sound Economic Development Corporation (NSEDC). Seventy-eight

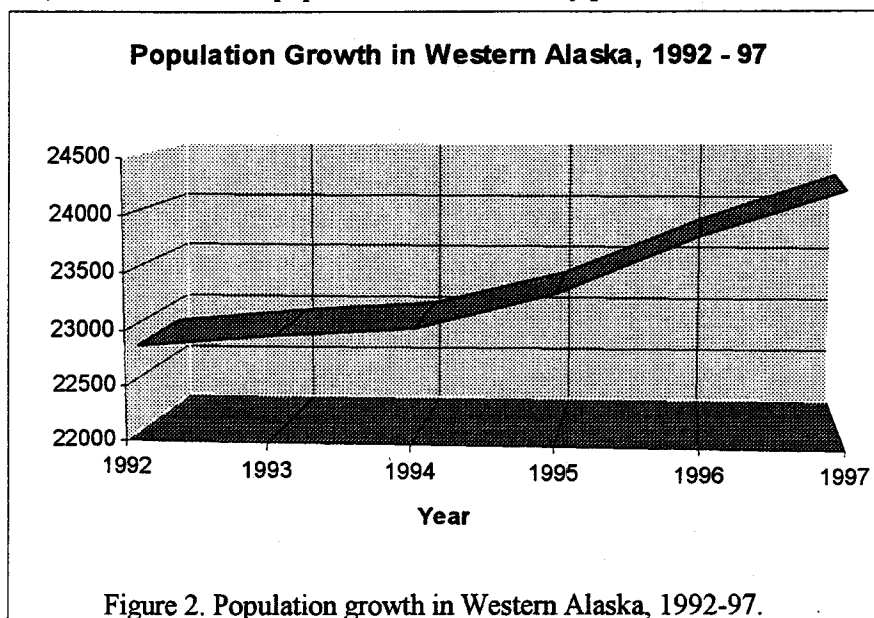
Table 2. Characteristics of the 56 CDQ Communities in 1989

Total population	21,037
Average community population	390
Native Americans as % of the population	78%
Houses with no plumbing	37%
Houses with no phone	29%
Persons below poverty level	25%

Source: 1990 U.S. Census

percent of the residents of the CDQ area were Alaska Natives. All of the groups have a majority Alaska Native population. For three of the groups (APICDA, Coastal Villages Region Fund (CVRF), and Yukon Delta Fisheries Development Association (YDFDA) the Alaska Native population was over ninety percent of the total.

All of the CDQ groups have a relatively large share of their population under the age of sixteen; in the YDFDA region more than 40% of the population is under sixteen. This indicates both a growing labor force that will require jobs in the future and the relatively larger significance of any employment increase relative to the working age population (Figure 2).



CDQ Program Responsibilities

The proposed multispecies CDQ program would be a Federal program in which the fishing privileges for CDQs are temporarily allocated by NMFS to the CDQ groups. In return, the CDQ groups would be responsible for managing the CDQ harvests and the CDQ projects as outlined in the CDPs on behalf of the member communities. NMFS would have no obligation to allocate future CDQ or PSQ based on past allocations, and CDQ and PSQ fishing privileges would expire with the expiration of a CDP. NMFS would base its awards of CDQ and PSQ allocations to the CDQ groups on the merits of the proposed CDPs.

The proposed CDPs, developed by the CDQ groups, would be the means for requesting CDQ and PSQ allocations from NMFS. Although NMFS would award the CDQ allocations to the CDQ groups, the CDQ groups would make the allocation requests on behalf of the eligible community(ies) that is (are) participating in the CDQ

group. Therefore, a CDQ group would have a fiduciary responsibility to manage its CDQ allocations, CDQ projects, and assets in the best interests of the participating CDQ community(ies).

CDQ Application Process

Under the proposed multispecies CDQ program, the State would announce a CDQ application period, during which the CDQ groups would submit proposed CDPs to the State. The State would then hold a public hearing at which the CDQ groups would present their proposed CDPs and give the affected public an opportunity to comment. After the public hearing, the State would develop recommendations for the approval of proposed CDPs, consult with the Council, and submit the State's recommendations to NMFS for review and approval or disapproval.

The CDP would be submitted to NMFS by October 7 to provide sufficient time for NMFS to review the CDPs and to approve final CDPs and their CDQ allocations by December 31 of the application year.

The Community Development Plan

The CDP would provide information to the State and NMFS about the eligible communities, the managing organization, the CDQ projects, the requested allocation of CDQ and PSQ species, the harvesting and processing partners, and how the CDQ group would account for CDQ and PSQ catches by these partners.

In order to qualify for a CDQ allocation, an organization and its member communities must meet several criteria. The major criteria for community qualification consisted of:

- Location within 50 nautical miles of the Bering Sea.
- Native village as defined by the Alaska Native Land Claims Settlement Act
- Residents conduct over 50% of their current subsistence and commercial fishing effort in the waters of the Bering Sea.
- No previously developed harvesting or processing capacity sufficient to support substantial groundfish fisheries participation

3.2.5.1 Pollock Allocations

The initial application process in 1992 was accelerated. During the last half of 1992, communities and fishermen's groups along the Bering Sea coast began to organize in response to pending CDQ regulations. A total of 55 communities were eligible and all held meetings to select fishermen representatives to serve on the board of directors. In 1996 the community of Akutan successfully petitioned itself into the CDQ program. As the summer drew to a close, the communities coalesced into six different applicant organizations. The groupings were self-determined and were based primarily on geographical proximity and cultural boundaries.

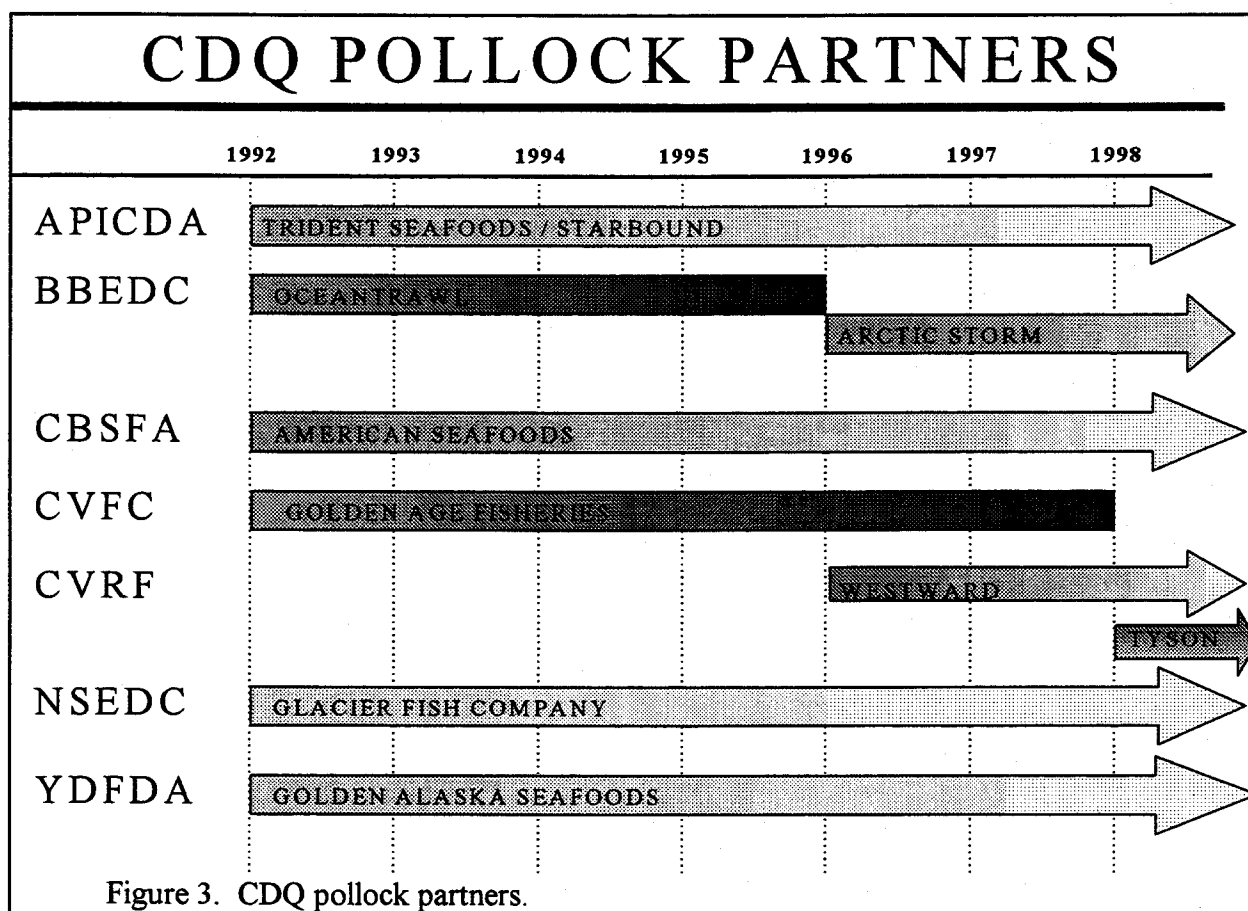
A large part of the 1992/93 application process for CDQ groups involved locating and contracting with an industry partner and developing programs to utilize anticipated CDQ revenues. Each CDQ group found it necessary to contract with an established seafood company to make sure that the pollock would be harvested and processed. The concept of partnerships with industry participants was perceived as an excellent vehicle for joint venture investments. It also would facilitate an important transfer of skills and expertise in the seafood industry to the CDQ groups. It was hoped that the industry partners would contribute greatly to the entry of CDQ communities as successful participants in the Bering Sea fishing industry.

When pollock CDQs were imminent, a number of major pollock harvesters and processors investigated partnerships with potential CDQ recipients. Many CDQ groups engaged in a request for proposal (RFP) process

that provided a variety of offers to choose from. Each industry proposal contained a different mix of payments, assistance with other regional fishing business ventures, and training and employment opportunities.

The industry partners were chosen by the CDQ groups based on which fishing company best fit the development goals of that group. Each of the six groups agreed to a specific price per metric ton for the use of CDQ pollock or a base price plus some form of profit sharing. By the time the 1994/95 application process occurred, a steep decline in pollock prices had demonstrated the volatility of the pollock market. Several of the groups switched from a fixed fee to a base price and profit sharing. This was done both to provide a higher potential price to the CDQ groups and to protect the industry partners in the event of a continued pollock market collapse.

Since 1992, relationships between CDQ groups and their pollock harvesting partners have remained relatively stable. Figure 3 documents these relationships over time.



To ensure the greatest benefit to the residents of the region, the allocation process is competitive, with each group preparing a CDP that will provide substantial gain to their communities. Allocation decisions are based on the CDQ organization's CDP and their ability to implement and fulfill their goals. Other important criteria which lead to differing allocations include: the number of residents represented, expressed needs, the soundness of the CDPs and past performance.

The pollock allocations for 1992 and 1993 were made in late 1992. The 1994 and 1995 allocation process began in early 1993 and the Secretary made final allocations late in the year. The 1996-98 allocations were made in 1995. The CDQ pollock allocations were adjusted in each application period (Table 3).

Table 3. CDQ pollock allocations, 1992-98.

Approved CDQ Allocations for pollock	1992 - 93	1994 - 95	1996 - 1998
APICDA	18%	18%	16%
BBEDC	20%	20%	20%
CBSFA	10%	8%	4%
CVFC	27%	27%	25%
NSEDC	20%	20%	22%
YDFDA	5%	7%	13%

The CDQ program has benefitted by the combined efforts of the corporations, private industry partners, the State of Alaska Departments of Community and Regional Affairs, Fish and Game and Commerce and Economic Development, NMFS and the Council.

3.3 Implementation of the CDQ Program

3.3.1 Agency Involvement

When the Secretary approved the CDQ program regulations in 1992, much of the implementation aspects of the CDQ program were delegated to the Governor of Alaska using an application and review process. The State was charged with full review of CDQ proposals and making allocation recommendations to the Secretary. The Secretary retained overall allocation decision authority, including the authority to modify any allocation at any time.

The CDQ program is basically a grant-type program, jointly managed by the Governor and the Secretary, through the NPFMC. The allocation of fish made by the Secretary to a CDQ group is based on the Secretary's judgment that the CDQ group's CDP meets the regulation's evaluation criteria and will satisfy the CDQ program's goals and objectives. The State is tasked to ensure that each CDQ group is following their CDP. The State has developed a set of regulations for each CDQ program that largely mimic the Federal regulations and place additional reporting requirements on the CDQ groups that assist the State in fulfilling its federally mandated responsibilities for monitoring the CDQ programs. The State is responsible for the day-to-day CDQ management and contact with the CDQ groups and administers the program through the Department of Community and Regional Affairs, the Department of Commerce and Economic Development, and the Department of Fish and Game. The State's lead agency for CDQ administration is the Department of Community and Regional Affairs. NMFS generally works with the State in an oversight role to ensure that the CDPs are being followed. Although the State is responsible for day-to-day management and administration, the Secretary has oversight and the final responsibility for ensuring that an allocation of CDQ fish is handled according to the CDP. Failure of a CDQ group to follow their CDP is grounds for revocation of the CDQ allocation by the Secretary.

For the 56 western Alaska communities that are eligible to participate in the CDQ program, a single community or a group of eligible communities creates a board of directors to represent themselves. This group of communities is called the CDQ group or CDQ applicant. The CDQ group hires staff or contracts with someone to develop a Community Development Plan (CDP) containing the required information in the correct format as described in the regulations. A CDP is a request for a percentage allocation of CDQ fish, plus the CDQ group's

planned development projects that would be funded with the allocation. The applicant must plan to either manage the CDP themselves and be their own managing organization, or hire a managing organization externally.

3.4 Development Strategies of CDQ Groups

Despite different organizational strategies (discussed in detail in Appendix III, Chapter V) all CDQ groups share the same mission of developing self-sufficient fishing economies in western Alaska. Just as the CDQ groups have developed starkly different organizational cultures, there are similar development strategies they all incorporate to achieve the program mission. This chapter will explore these strategies by looking at activities of the CDQ groups in the following categories: revenue generation, equity accumulation, vessel acquisitions, fisheries related community development, employment and training opportunities, fishing retention efforts and region outreach.

3.4.1 Revenue Generation

The most common component of any CDQ group/industry partner relationship is the CDQ royalty. In the valuable pollock industry, harvesting partners have been willing to pay for access to the quota. The same is true in the multi-species program, where the benefits from harvesting a quota have fostered beneficial agreements with industry partners.

Figure 4 highlights the aggregate revenue stream and corresponding net income for the CDQ program. Revenues have consistently been in excess of \$20 million in the past few years despite slight decreases in the pollock TAC. Better royalty arrangements and an increase in investment interest account for the consistent returns. Figure 4 further demonstrates the net income of the groups. Since 1993, groups have averaged a net income of 45% of revenues. This has developed considerable savings and investment capital for future investments.

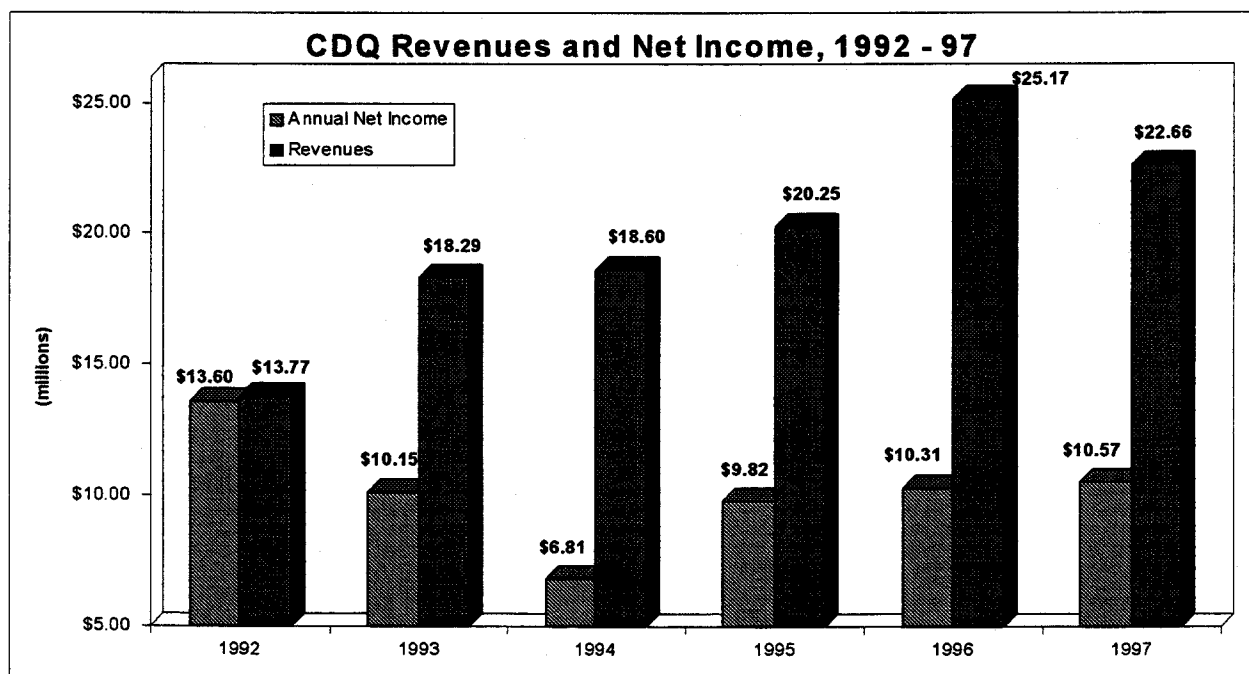


Figure 4. CDQ revenues and net income, 1992-97.

3.4.2 Equity Accumulation

One method to measure the performance of the CDQ program is to look at equity growth. Figure 5 shows that equity has increased an average of 37% annually since 1992, or just over \$10 million each year. This equity reflects assets in fishing vessels, on-shore projects, loan portfolios and IFQ holdings. The consistent increase in equity accumulation is evidence that the CDQ groups are working towards their mission of developing independent, self-sustaining fishing economies for their communities.

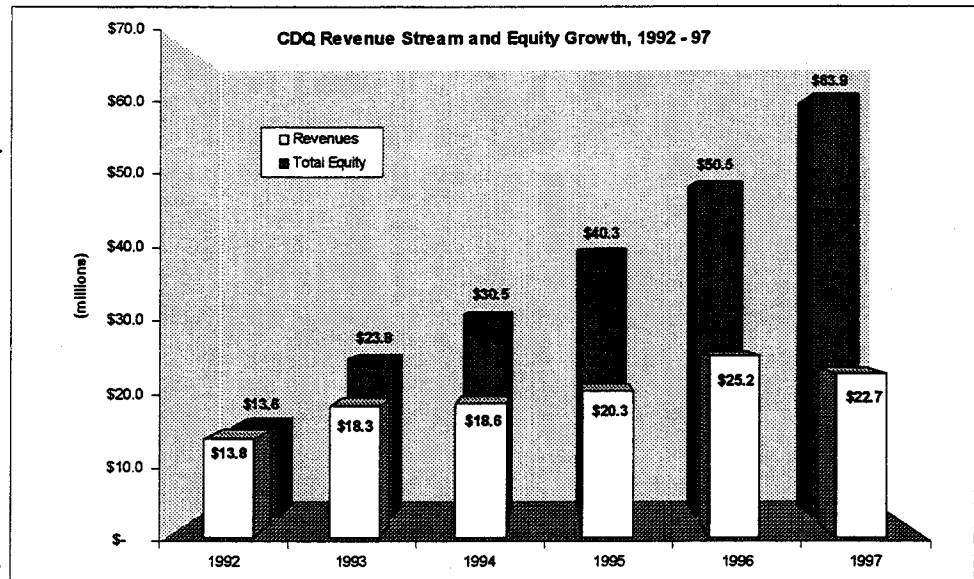


Figure 5. CDQ revenues stream and equity growth, 1992-97.

3.4.3 Vessel Acquisitions

One strategy every CDQ group has implemented to fulfill the CDQ mission is to become invested in the Bering Sea fishing fleet (Figure 6). Accumulated savings have provided important capital used in making these investments. Potential partners bring CDQ groups in as partners for various reasons including: available working capital, potential of future quota, and political alliances. Although the CDQ groups have quota available to them, it is a mandatory criterion that large vessel investments evidence themselves as profitable without CDQ. Past events have shown that valuable quota should not be used to subsidize vessel investments.

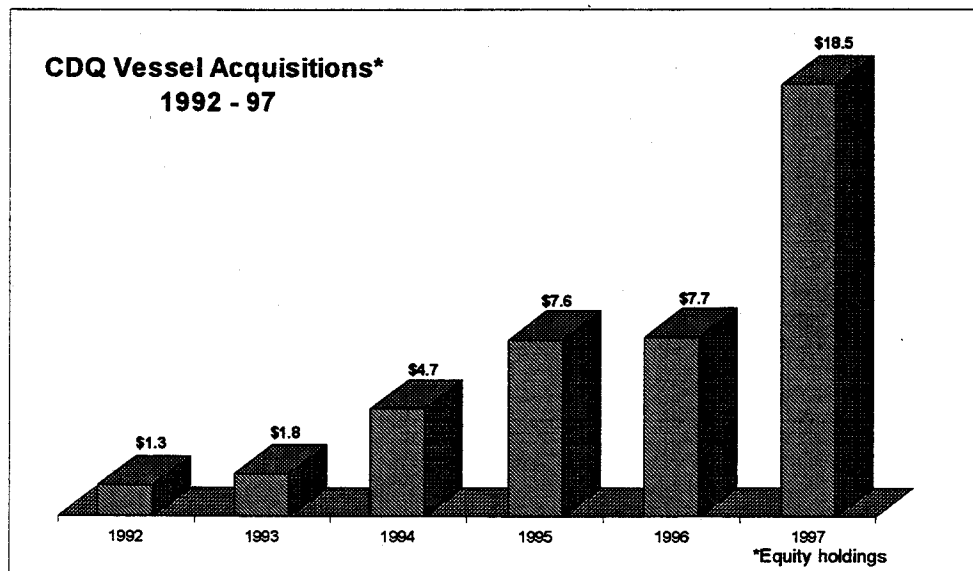


Figure 6. CDQ vessel acquisitions (millions), 1992-97.

Continued investment in the fishing industry is expected. Many of the acquisitions witnessed in 1997 were made as the CDQ groups geared up for the expanded species program. Development of this program has brought several new fisheries directly into the CDQ group's operations leading to investments in different fisheries.

3.4.4 Community Based Fisheries Development

Community based fisheries development is a very broad concept and the groups have pursued a wide range of development activities. CDQ groups will continue to test various projects for feasibility. Engaging in locally based fisheries investments in order to develop community based fishery economies has been a primary strategy of almost all CDQ groups. This development strategy has manifested itself in a form unanticipated by program originators. At odds with this strategy is a fundamental tenet of the program that investments must be profitable in order to achieve self sustainability. There are many barriers to developing a profitable community-based fishing economy in western Alaska. The CDQ groups must choose their shore-based community investments carefully and only after strategic planning are profitable investments commenced.

The geographic landscape in much of western Alaska is not always hospitable to the Bering Sea fishing industry. Only in the Aleutian and Pribilof Islands can one consistently find coastlines that allow for reasonable development of fishing infrastructure projects like docks and harbors. Proximity also plays a key role in fishing activities as the costs of distribution often makes seafood distribution/production prohibitively expensive in an industry controlled by global markets. Problems associated with high costs are further exacerbated by poor consolidation of resource supply. Finally, local experience in the fishing industry, although available, is not yet widespread enough to handle a huge push of local investments. None of these barriers is insurmountable; however, in order to overcome them, the CDQ groups must work patiently and creatively.

CDQ groups are making community investments and engaging in projects that speak to the mission of the CDQ program. Appendix III, Chapter V examines CDQ group activity in its region. Various types of fisheries related investments include:

- Loans for buying stations, processing facilities, value added seafood processors, and other profit generating operations;
- Boat and gear loan programs;
- Operating buying centers;
- Facilitating local fishing industry activity;
- Infrastructure projects that provide an opportunity for return in the future; and
- Direct capital contributions to community projects.

Given the varied nature of these investments, total expenditures are difficult to quantify. These investments represent CDQ group involvement at the community level and serve as a good start towards understanding fishing needs at the local levels and exploring the best mechanisms for getting the benefits of the program to the community level.

3.4.5 Employment and training opportunities

The CDQ Program has had measurable success in securing career track employment opportunities for their residents. Figure 7 lists some of the types of work opportunities provided by CDQ groups. CDQ groups have assured community residents the opportunity to work. Relationships formed with harvesting partners have opened up employment opportunities for non-CDQ Alaskan residents as well. Appendix III provides detailed statistics on CDQ employment measured since the program began. By 1997 CDQ groups had over 200 people employed in pollock industry.

Training of residents is an important strategy for all of the CDQ groups. The CDQ groups provide training for their residents based not only on the needs of the individual, but the needs of the community overall. Argued as an essential way to promote a locally based fishery economy in the long run, CDQ groups have been actively providing training and educational opportunities for their residents. Appendix III provides detailed statistics on CDQ training since 1993.

A list of some of the training made available by the CDQ groups is provided below:

Types of Job Opportunities for CDQ Residents

- ◊ Work aboard harvesting vessels in various positions
- ◊ Internships with industry or government
- ◊ Local fishing facilitated by CDQ projects
- ◊ Work at processing facilities in CDQ communities and elsewhere
- ◊ Roe technician jobs following requisite training
- ◊ Administrative positions
- ◊ Construction jobs from local CDQ projects
- ◊ Field managers for various CDQ projects or businesses

Figure 7. Types of job opportunities.

Vocational Education

Aluminum Boat Fabrication
Auto and Diesel Technology
Biomedics Electronic Technician
Business Management

Carpenter
Paralegal
Power Plant Operation
Seafood Industry Management

Technical Training

Processing Workers vessel Safety
Fishing Training
Computer Applications
Electronic Navigation
Equipment Operation
Mechanics/Welding
HVAC

Grants Management
Clerical
EMS
HAZWOP
Marine Fire fighting
Industrial Refrigeration

Higher Education

Includes University and College

3.4.6 Fisheries Retention Activities

CDQ groups have actively pursued the acquisition and retention of limited access fishing permits and licenses within their region. As fishery management systems continue to move towards directed fishing harvest privileges through mechanisms like IFQ and limited entry permits, fishing activities quickly become marketable rights or assets. Fishermen who are having trouble making a living or are facing excessive debt, often choose to sell their right to fish. These actions are generally pursued to solve short term problems, but the long term consequences may prove even more problematic. Commonly the sale is to someone outside of the region. This is causing an outflow of fishing rights from western Alaska. Region residents that are finding their ability to harvest fish in their backyards is diminishing. CDQ groups are looking to help fishermen help themselves by providing other alternatives for solving these short term problems and keeping the fishing rights in the region.

CDQ groups are providing services and programs that seek to address the problem. The most basic strategy finds CDQ groups actually purchasing shares of IFQ where allowable. Often a CDQ group will act as an intermediary for region residents by providing technical or financial backing in facilitating IFQ or permit retention. Some groups have developed loan or buy back programs for region residents to utilize in retaining fishing rights. One

group has set up a permit brokerage to work directly with resident fishermen and government agencies such as the IRS to stem the outflow of fishing rights. Although approaches may vary, each group has considered the problem and is working to remedy the situation.

3.4.7 Region Outreach

Region outreach is not a strategy that provides immediate returns, however it is believed necessary to inform community residents of the benefits of the program. Intended to be a community driven program, the CDQ groups need the energy and talents of region residents to elevate their corporate strategies in order to complete the CDQ mission. As this is a major priority, CDQ groups devote time and money towards informing their communities of activities and programs. The CDQ groups publish newsletters and other brochures for area wide distribution in their member communities. Staff frequently travel to the communities to meet with residents to inform them of opportunities, listen to new ideas and take note of their concerns. Difficulties in communicating the CDQ program to rural isolated communities in western Alaska cannot be overstated. Education of the public is important and the CDQ groups have taken this as a means towards fulfilling the CDQ program mission.

3.5 Description of Economic and Indirect Impacts

A summary of the direct and indirect impacts of the CDQ program to the six CDQ organizations is provided in the "Revised Draft Report on Economic Impacts of the Pollock CDQ Program," compiled by the State of Alaska Department of Community and Regional Affairs. This report provides the reference point for evaluating the impacts of either continuing or discontinuing the CDQ program and is appended to this EA/RIR/IRFA as Appendix III and is included in the RIR by reference. These findings are also summarized in this section.

Prior to the CDQ program, virtually none of the value of the Bering Sea groundfish resource was captured by the CDQ eligible communities in Western Alaska. Since its inception in 1992, the pollock CDQ program has earned over \$119 million in CDQ revenues for the development of the Western Alaska economy. In 1997, 1,212 CDQ jobs were filled with wages totaling nearly \$8 million. Nearly 850 education and training opportunities exceeding \$1 million occurred in 1997. Since inception, 3,650 training opportunities, costing \$4.85 million, were achieved. Nearly 4,900 individuals were employed in CDQ programs, with total wages of \$27.6 million.

3.5.1 Labor Force and Employment

Table 4 shows labor force and employment characteristics of the CDQ group villages. The civilian labor force is only 59% of the population aged 16-65. Civilian labor force participation is limited by membership in the military and those who choose not to participate in the labor force.

At the time of the census, all CDQ groups were experiencing relatively high levels of unemployment, ranging from 9% (BBEDC) to 31% (YDFDA). While these high unemployment rates partly reflect the seasonality of employment opportunities and the timing of the census in April, they also may show the effects of limited employment opportunities. Unemployment is defined as the percentage of those within the labor force who are not working. When people know there are no jobs available, they sometimes stop looking and are not counted as unemployed. This lends to the possibility that there are higher unemployment rates than were actually recorded.

Table 4. State of Alaska recommended allocations for the 1998-2000 multi-species CDQ Program.

	APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	10%	0%	90%	0%	0%	0%	100%
4D	0%	23%	0%	24%	26%	27%	100%
4E	0%	30%	0%	70%	0%	0%	100%
Crab							
Bristol Bay Red King	20%	20%	0%	20%	20%	20%	100%
Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. Opilio Tanner	10%	19%	19%	17%	18%	17%	100%
Bering Sea C. Bairdi Tanner	10%	19%	19%	17%	18%	17%	100%
Sablefish & Turbot							
Sablefish, Hook & Line - AI	15%	20%	0%	30%	20%	15%	100%
Turbot - AI	18%	18%	5%	14%	26%	19%	100%
Sablefish, Hook & Line - BS	15%	22%	18%	0%	20%	25%	100%
Turbot - BS	16%	25%	14%	1%	20%	24%	100%
Pacific Cod	16%	20%	10%	17%	18%	19%	100%
Atka mackerel:							
Eastern	20%	17%	10%	17%	16%	20%	100%
Central	20%	17%	10%	17%	16%	20%	100%
Western	20%	17%	10%	17%	16%	20%	100%
Yellowfin sole	29%	25%	8%	5%	5%	28%	100%
Flatfish:							
Other Flats	20%	20%	10%	15%	15%	20%	100%
Rocksole	10%	20%	10%	20%	20%	20%	100%
Flathead	20%	20%	10%	15%	15%	20%	100%
Squid	19%	18%	10%	17%	16%	20%	100%
Other Species	19%	22%	9%	14%	14%	22%	100%
Other Rockfish							
O. Rockfish - BS	16%	20%	8%	18%	19%	19%	100%
O. Rockfish - AI	16%	20%	8%	18%	19%	19%	100%
Arrowtooth	19%	21%	9%	15%	15%	21%	100%
Pacific Ocean Perch Complex							
True POP - BS	20%	17%	10%	17%	16%	20%	100%
Other POP - BS	20%	17%	10%	17%	16%	20%	100%
True POP - AI:							
Eastern	20%	17%	10%	17%	16%	20%	100%
Central	20%	17%	10%	17%	16%	20%	100%
Western	20%	17%	10%	17%	16%	20%	100%
Sharp/Northern - AI	20%	17%	10%	17%	16%	20%	100%
Short/Roughye - AI	17%	20%	9%	17%	18%	19%	100%
Sablefish, Trawl - AI	16%	20%	10%	17%	18%	19%	100%
Sablefish, Trawl - BS	16%	20%	10%	17%	18%	19%	100%
Prohibited Species Quota							
Halibut (mt)	20%	22%	8%	13%	14%	23%	100%
Herring (mt)	17%	17%	16%	17%	17%	16%	100%
Chinook salmon (#)	21%	21%	9%	13%	13%	23%	100%
Other salmon (#)	23%	23%	8%	11%	11%	24%	100%
C. Bairdi - Zone 1 (#)	24%	25%	7%	9%	9%	26%	100%
C. Bairdi - Zone 2 (#)	24%	25%	7%	9%	9%	26%	100%
Red King Crab (#)	19%	21%	9%	15%	15%	21%	100%

Table 5 also shows the types of jobs held by the residents of the CDQ areas in 1989. There is a relatively low share of the resident population working in the industries and occupations associated with fishing. While almost fifteen percent of the employment in the APICDA and CBSFA regions was in the fisheries industry, no other region had over five percent in this industry. Only CBSFA had a significant share of employment in manufacturing, which is almost entirely fish processing. While work in the transportation industry may also be fisheries-related, fishing industry employment was not significant in most of the CDQ group areas in 1990. In five of the groups, Educational Services and Public Administration were the most important industries, indicating the importance of public sector/government jobs to these regions.

Table 5: Selected 1990 U.S. Census Data for CDQ Communities - Population

	Aleutian Pribilof Island Community Development Association	Bristol Bay Economic Development Corporation	Central Bering Sea Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association	Total, All CDQ Groups
Total Population	397	4719	763	5781	7621	1756	21037
Male	201	2525	489	3051	4104	879	11249
Female	196	2194	274	2730	3517	877	9788
Native	364	2641	531	5521	5617	1603	16277
Under 16 years	120	1463	176	2256	2659	704	7378
Ages 16-64	243	3061	562	3203	4568	971	12608
65 years and over	34	195	25	322	394	81	1051
Percentage of Population							
Male	51 %	54 %	64 %	53 %	54 %	50 %	53 %
Female	49 %	46 %	36 %	47 %	46 %	50 %	47 %
Native	92 %	56 %	70 %	96 %	74 %	91 %	77 %
Under 16 years	30 %	31 %	23 %	39 %	35 %	40 %	35 %
Ages 16-64	61 %	65 %	74 %	55 %	60 %	55 %	60 %
65 years and over	9 %	4 %	3 %	6 %	5 %	5 %	5 %

Source: 1990 U.S. Census. Data provided by Institute of Social and Economic Research.

3.5.2 Income

Table 6 describes the income characteristics of the CDQ group communities in 1989. All of these regions had median incomes which were lower than the state median income of \$41,408 in 1989. The median income of the Central Bering Sea area and the Bristol Bay area was less than ten percent below the state level, but in the Yukon Delta area and the Aleutian Pribilof area the median income was only slightly greater than half the state level. In 1989 the poverty rate for the state was almost seven percent. The poverty rates in all the CDQ areas except the Central Bering Sea area were at least twice the state rate. The relatively high cost of living in rural Alaska suggests that in real terms, comparing the median incomes may actually underestimate the economic well being of residents in these regions.

Table 6: Selected 1990 U.S. Census Data for CDQ Communities - Employment

	Aleutian Pribilof Island Community Development Association	Bristol Bay Economic Development Corporation	Central Bering Sea Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association	Total, All CDQ Groups
Civilian labor force	133	1786	370	1612	3048	549	7498
As % of population 16-64	55%	58%	66%	50%	67%	57%	59%
Number of people employed	117	1620	330	1296	2540	378	6281
Number of people unemployed	16	166	40	316	508	171	1217
Unemployment rate	12%	9%	11%	20%	17%	31%	16%
Employment by Occupation							
Executive, Administrative, and managerial occupations	9%	16%	9%	8%	14%	10%	12%
Professional specialty occupations	10%	21%	11%	25%	20%	24%	20%
Technicians and related support occupations	0%	5%	4%	1%	5%	3%	4%
Sales Occupations	8%	6%	1%	8%	7%	10%	7%
Administrative support occupations including clerical	7%	16%	12%	16%	18%	19%	16%
Private household occupations	0%	0%	0%	1%	0%	0%	0%
Protective service occupations	2%	2%	6%	3%	2%	3%	2%
Service occupations, except protective and household	22%	11%	10%	18%	16%	16%	14%
Farming, forestry, and fishing occupations	13%	2%	10%	1%	1%	0%	1%
Precision production, craft, and repair occupations	7%	11%	17%	8%	9%	7%	9%
Machine operators, assemblers and inspectors	3%	1%	6%	2%	3%	1%	2%
Transportation and material moving occupations	14%	4%	5%	2%	1%	1%	2%
Handlers, equipment cleaners, helpers, and laborers	7%	4%	11%	7%	5%	5%	5%
Employment by Industry							
Agriculture, forestry and fisheries	15%	3%	13%	1%	1%	1%	2%
Mining	0%	0%	0%	0%	4%	0%	2%
Construction	14%	4%	10%	2%	3%	2%	3%
Manufacturing, nondurable goods	0%	2%	22%	2%	1%	0%	2%
Manufacturing, durable goods	0%	1%	0%	0%	0%	0%	0%
Transportation	10%	11%	4%	5%	8%	7%	8%
Communications and other public utilities	2%	5%	5%	5%	3%	6%	4%
Wholesale trade	0%	1%	2%	2%	0%	3%	1%
Retail trade	15%	12%	4%	15%	16%	18%	14%
Finance, insurance and real estate	0%	2%	0%	0%	3%	1%	2%
Business and repair service	2%	3%	1%	2%	2%	1%	2%
Personal services	0%	2%	4%	2%	2%	1%	2%
Entertainment and recreation servi	0%	0%	1%	0%	2%	1%	1%
Health services	7%	10%	6%	4%	9%	5%	8%
Educational services	16%	22%	10%	41%	22%	38%	25%
Other professional and related services	0%	0%	0%	0%	0%	0%	0%
Public administration	7%	6%	8%	4%	7%	3%	5%
	13%	16%	12%	15%	16%	14%	15%

Source: 1990 U.S. Census. Data provided by Institute of Social and Economic Research.

Table 7 summarizes the total jobs and wages reported for all CDQ groups. Since 1994, the CDQ program has created more than \$5 million in annual wages.

Table 7. CDQ Employment and Wages: All CDQ Groups

	1993	1994	1995	1996	1997
Number Working					
Management	26	48	58	63	63
CDQ Pollock-Related	186	213	228	261	356
Other Fisheries	64	276	393	691	663
Other Employment	95	531	157	138	130
Total	371	1,068	836	1,153	1,212
Total Wages					
Management	\$ 586,537	\$ 1,012,125	\$ 1,218,892	\$ 1,636,860	\$ 1,803,766
CDQ Pollock-Related	1,000,360	1,280,695	1,866,619	1,686,104	2,660,938
Other Fisheries	609,058	1,000,103	1,132,824	2,280,554	2,756,688
Other Employment	0	1,791,479	1,350,766	723,724	887,338
Total	\$ 2,195,955	\$ 5,084,402	\$ 5,569,101	\$ 6,327,242	\$ 8,108,730
Average Wage					
Management	\$ 22,559	\$ 21,086	\$ 21,015	\$ 25,982	\$ 28,631
CDQ Pollock-Related	5,378	6,013	8,187	6,460	7,474
Other Fisheries	0	3,624	2,883	3,300	4,383
Other Employment	6,411	3,374	8,604	5,244	6,826

An overview of the relative impacts of the CDQ program may be gained by comparing employment and income generated by the CDQ program with employment and income reported by the 1990 U.S. Census on data from 1989, as a measure of total annual income in 1989. Two different measures of employment are reported from April 1989: total employment and "basic" employment (Table 8). "Basic" employment refers to employment in the following private sector industries: 1) agriculture, forestry and fisheries; 2) mining; 3) construction; 4) manufacturing, nondurable goods; and 5) manufacturing, durable goods.

Basic industries usually produce goods or services for sale outside a region, and usually represent the foundation of a region's economy. Other industries, such as transportation, communications, trade, and services are usually considered "support" industries, in that they provide goods or services for sale within a region and are driven by income produced in the basic industries. In rural Alaska, government often provides much of the foundation that basic industries might provide in other, more developed regions. Basic employment is much lower than total employment, although the census may have understated basic employment because fishing and mining activities are concentrated during the summer months (Table 9).

From 1993 - 1997, CDQ employment has ranged from 6% - 18% of the region's total employment. For the same years, CDQ employment has shown a range of 52% - 165% of basic employment. Although CDQ jobs appear to represent a relatively small share of *total* jobs in the CDQ region, they represent a very substantial increase in "basic" employment. Income may provides another indication of the CDQ program's impact on the region. By 1997, CDQ related wages have increased to 3.6% of the region's total wages.

Table 8. CDQ Employment & Income Compared with 1989 Employment & Income Reported by 1990 U.S. Census

Variables for Analysis:	
Employment in 1989	6,281
"Basic" employment in 1989	679
Total income in 1989	\$219,708,878

CDQ employment			
	Aggregate CDQ Employment Numbers	CDQ Employment as a % of Total 1989 Employment	CDQ Employment as a % of "Basic" Employment in 1989
1993	355	6%	55%
1994	1,068	17%	157%
1995	836	13%	123%
1996	1,153	18%	170%
1997	1,212	19%	179%

	CDQ wages	CDQ wages as % of 1989
1993 wages	\$ 2,195,955	1.0%
1994 wages	\$ 5,084,402	2.3%
1995 wages	\$ 5,569,101	2.5%
1996 wages	\$ 6,327,242	2.9%
1997 wages	\$ 8,108,730	3.7%

3.5.3 Social Conditions

In 1990, more than 25% of the people in the 56 CDQ communities lived below the poverty level. Most residents of western Alaska are Alaska Natives. Many older people speak English as a second language or not at all. Much of the housing available in the communities is substandard and utilities that most U.S. citizens take for granted such as water and phones are in short supply. In over half of the communities, five gallon buckets or outhouses remain the primary means of sewage disposal. In 1990, only thirteen communities (24%) had piped water and sewer available to at least half of the homes. The result is poor health conditions, high rates of infectious diseases, and low living standards.

Western Alaskan communities in general have many of the social ills associated with poverty and isolation. Many of these communities experience considerable problems with drug and alcohol abuse. Young people suffer from high rates of teen pregnancy and suicide. Prevalent throughout many communities is a feeling of despair and hopelessness.

3.6 Potential Impacts of Program Expiration or Continuation

Without reauthorization of the pollock CDQ Program, the 56 affected communities, organized into six separate CDQ organizations, will no longer be given an exclusive share of the pollock resource. The 7.5% allocation yields an average of \$ 2 million in wages, and \$10.2 million net income on annual revenues of nearly \$20 million to CDQ program recipients. These direct benefits likely understate total economic benefits to these communities,

due to the indirect benefits generated from the development projects undertaken by the program. Additionally, the direct and indirect impacts of the monies generated by the program represent a differentially higher economic impact when compared to other regions of the state and the United States in general. This is due to the relative absence of alternative economic bases in these communities. The social benefits attributable to this program are quite clear, as described in Appendix III, and have not been the subject of debate during the program or in consideration of extending the program.

A quantitative analysis is beyond the scope of this EA/RIR/IRFA, and would be difficult to perform under any circumstances. However, based on information contained in Appendix III and other sources, it is possible to conduct a qualitative examination of this issue. Many of the development projects initiated through the CDQ program have been completed, while many more are still in development stage. If this program is allowed to expire at the end of 1998, in less than six years (part of 1992 through 1997), the program will have resulted in the creation of infrastructures that did not previously exist, as well as progress on further infrastructures (Chapter V of Appendix III provides a detailed report of the activities of all six CDQ groups). It will also have resulted in a substantial infusion of money and economic activity previously unrealized in the participating communities. Net income since 1992 totaled \$61 million on \$118.74 million in revenues.

What is also difficult to quantify, but perhaps most important, is the social impact to the residents of these communities which would occur if these accomplishments were nullified, and the prospect of real involvement in the fisheries as an economic base for the communities is removed. There are various issues which may be examined as indicators of progress towards program development, but three important questions have been identified:

(1) *What is the level of jobs and income which have been created and how do these compare to previous conditions?* Examination of this question indicates that, though there is variance between the CDQ groups, overall jobs and income have increased relative to previous conditions. Furthermore, the increase in basic, fisheries related jobs, where this is very little alternative economic base, is a significant achievement.

(2) *Are new economic activities resulting in local control and decision making relative to fisheries development?* Once allocations are made between the six CDQ groups, the process allows for control decision making at the local CDQ group level, with input from the industry partners.

(3) *Are the benefits sustainable and will they be likely to continue in the absence of the direct allocation?* This question appears to epitomize the issue under consideration—whether to continue the program indefinitely. As noted earlier, some of the infrastructures and resident training which has occurred will contribute to the region's future growth and viability even if the program were to be discontinued. On the other hand, if the initiatives to date are not sufficient to bring this region into the fisheries in a meaningful way, then the discontinuation of the program will likely result in a regression to the status occurring prior to the program's implementation.

The benefits to the recipients of any direct allocations of resource must be weighed against the costs to the remainder of the industry and the nation as a whole. In the case of the CDQ program, the Council felt that the benefits, both economic and social, of the CDQ allocation outweighed the costs to other industry sectors which are already characterized by overcapitalization and fierce competition for available quota. Given the current status of the program, the impacts of the allocation decision are likely magnified in the current consideration. For example, allowing the program to expire at this time may make the program recipients technically no worse off than they were before the allocation; however, the real and perceived negative impacts are probably greater now that the program has partially reached attainment of its goals. Therefore, the trade-offs between economic and social benefits to the CDQ recipients, and costs to the remainder of the fleet, would appear to be greater in

today's context than in 1992. At least some of the costs of the program are recouped by industry partners in the CDQ operations, which also fish in the open access fisheries.

The final consideration discussed here is relative to the benefits of the CDQ portion of the fishery in terms of harvest of pollock, economic efficiencies in that harvest mode, and bycatch and discards associated with that harvest mode. As described in Section 5.2 in the EA/RIR/IRFA for Amendment 38, CDQ fisheries are characterized by a slower pace of fishing, increased accuracy of catch and bycatch monitoring, more efficient utilization of catch, and reductions in discards. Reductions in bycatch of non-target and prohibited species are also commonly attributed to these fisheries, though no quantitative verification has been undertaken in this study. All of these positive aspects of these fisheries represent increased overall returns to the nation from the pollock fishery resource. This is expected to occur wherever portions of the quota are removed from the race for fish and allocated directly to a recipient who receives a guaranteed harvest and the individual accountability that accompanies that guarantee.

3.7 Estimated Number of Participants in the Pollock CDQ Fishery

NMFS (1998) estimates that the following number or type of vessels and processors are currently participating in the pollock groundfish CDQ fisheries:

- ▶ 6 CDQ groups
- ▶ 24 trawl catcher/processors or motherships
 - 22 catcher/processors and 2 motherships currently in pollock CDQ fisheries
- ▶ 24 trawl catcher vessels $\geq 60'$ LOA
 - 19 currently delivering pollock CDQ to shoreplants and 5 currently delivering pollock CDQ in unsorted codends to motherships
- ▶ 3 shoreside processors

3.8 Administrative, Enforcement and Information Costs

Additional costs by NMFS or the State of Alaska for extending the pollock CDQ program are not expected under Alternative 2. Under Alternative 2, NMFS proposes to incorporate pollock into the Multi-Species (MS) CDQ program. Estimated NMFS staff and budget expenditures under the combined MS CDQ program, of which pollock is the predominate fishery, total \$1,565,000 (NMFS 1998).

4.0 ECONOMIC IMPACT ON SMALL ENTITIES

The Regulatory Flexibility Act (RFA) first enacted in 1980 was designed to place the burden on the government to review all regulations to ensure that, while accomplishing their intended purposes, they do not unduly inhibit the ability of small entities to compete. The RFA recognizes that the size of a business, unit of government, or nonprofit organization frequently has a bearing on its ability to comply with a federal regulation. Major goals of the RFA are: (1) to increase agency awareness and understanding of the impact of their regulations on small business, (2) to require that agencies communicate and explain their findings to the public, and (3) to encourage agencies to use flexibility and to provide regulatory relief to small entities. The RFA emphasizes predicting impacts on small entities as a group distinct from other entities and on the consideration of alternatives that may minimize the impacts while still achieving the stated objective of the action.

On March 29, 1996, President Clinton signed the Small Business Regulatory Enforcement Fairness Act. Among other things, the new law amended the RFA to allow judicial review of an agency's compliance with the RFA. The 1996 amendments also updated the requirements for a final regulatory flexibility analysis, including a

description of the steps an agency must take to minimize the significant economic impact on a substantial number of small entities. Finally, the 1996 amendments expanded the authority of the Chief Counsel for Advocacy of the Small Business Administration (SBA) to file *amicus* briefs in court proceedings involving an agency's violation of the RFA.

4.1 Requirement to Prepare an IRFA

If a proposed rule is expected to have a significant economic impact on a substantial number of small entities, an initial regulatory flexibility analysis must be prepared. The central focus of the IRFA should be on the economic impacts of a regulation on small entities and on the alternatives that might minimize the impacts and still accomplish the statutory objectives. The level of detail and sophistication of the analysis should reflect the significance of the impact on small entities. Under 5 U.S.C., Section 603(b) of the RFA, each IRFA is required to address:

- ▶ A description of the reasons why action by the agency is being considered;
See Section 1.1 on page 1 of this analysis.
- A succinct statement of the objectives of, and the legal basis for, the proposed rule;
See Section 1.0 on page 1 of this analysis.
- A description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply (including a profile of the industry divided into industry segments, if appropriate);

See Section 4.5 below in this analysis.

- A description of the projected reporting, recordkeeping and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record;

This proposed rule has no proposed reporting, recordkeeping and other compliance requirements.

- An identification, to the extent practicable, of all relevant Federal rules that may duplicate, overlap or conflict with the proposed rule;

No Federal rules duplicate, overlap or conflict with the proposed rule.

- A description of any significant alternatives to the proposed rule that accomplish the stated objectives of the Magnuson-Stevens Act and any other applicable statutes and that would minimize any significant economic impact of the proposed rule on small entities. Consistent with the stated objectives of applicable statutes, the analysis shall discuss significant alternatives, such as:
 1. The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities;
 2. The clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities;
 3. The use of performance rather than design standards;

4. An exemption from coverage of the rule, or any part thereof, for such small entities.

The only alternative that could minimize any significant economic impact of the proposed rule on the small entities that are affected by the allocation of pollock to the CDQ program would be Alternative 1 (not allocating pollock to the CDQ program). However, the selection of Alternative 1 would result in significant economic impacts on another group of small entities, namely the CDQ communities. Therefore, neither alternative would completely eliminate some level of significant impact on small entities.

4.2 What is a Small Entity?

The RFA recognizes and defines three kinds of small entities: (1) small businesses, (2) small non-profit organizations, and (3) small government jurisdictions.

Small businesses. Section 601(3) of the RFA defines a 'small business' as having the same meaning as 'small business concern' which is defined under Section 3 of the Small Business Act. 'Small business' or 'small business concern' includes any firm that is independently owned and operated and not dominate in its field of operation. The SBA has further defined a "small business concern" as one "organized for profit, with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor...A small business concern may be in the legal form of an individual proprietorship, partnership, limited liability company, corporation, joint venture, association, trust or cooperative, except that where the form is a joint venture there can be no more than 49 percent participation by foreign business entities in the joint venture."

The SBA has established size criteria for all major industry sectors in the US including fish harvesting and fish processing businesses. A business involved in fish harvesting is a small business if it is independently owned and operated and not dominant in its field of operation (including its affiliates) and if it has combined annual receipts not in excess of \$ 3 million for all its affiliated operations worldwide. A seafood processor is a small business if it is independently owned and operated, not dominant in its field of operation, and employs 500 or less persons on a full-time, part-time, temporary, or other basis, at all its affiliated operations worldwide. A business involved in both the harvesting and processing of seafood products is a small business if it meets the \$3 million criterion for fish harvesting operations. Finally a wholesale business servicing the fishing industry is a small businesses if it employs 100 or less persons on a full-time, part-time, temporary, or other basis, at all its affiliated operations worldwide.

The SBA has established "principles of affiliation" to determine whether a business concern is "independently owned and operated." In general, business concerns are affiliates of each other when one concern controls or has the power to control the other, or a third party controls or has the power to control both. The SBA considers factors such as ownership, management, previous relationships with or ties to another concern, and contractual relationships, in determining whether affiliation exists. Individuals or firms that have identical or substantially identical business or economic interests, such as family members, persons with common investments, or firms that are economically dependent through contractual or other relationships, are treated as one party with such interests aggregated when measuring the size of the concern in question. The SBA counts the receipts or employees of the concern whose size is at issue and those of all its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit, in determining the concern's size. However, business concerns owned and controlled by Indian Tribes, Alaska Regional or Village Corporations organized pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601), Native Hawaiian Organizations, or Community Development Corporations authorized by 42 U.S.C. 9805 are not considered affiliates of such entities, or with other concerns owned by these entities solely because of their common ownership.

Affiliation may be based on stock ownership when (1) A person is an affiliate of a concern if the person owns or controls, or has the power to control 50 percent or more of its voting stock, or a block of stock which affords control because it is large compared to other outstanding blocks of stock, or (2) If two or more persons each owns, controls or has the power to control less than 50 percent of the voting stock of a concern, with minority holdings that are equal or approximately equal in size, but the aggregate of these minority holdings is large as compared with any other stock holding, each such person is presumed to be an affiliate of the concern.

Affiliation may be based on common management or joint venture arrangements. Affiliation arises where one or more officers, directors or general partners controls the board of directors and/or the management of another concern. Parties to a joint venture also may be affiliates. A contractor and subcontractor are treated as joint venturers if the ostensible subcontractor will perform primary and vital requirements of a contract or if the prime contractor is unusually reliant upon the ostensible subcontractor. All requirements of the contract are considered in reviewing such relationship, including contract management, technical responsibilities, and the percentage of subcontracted work.

Small organizations. The RFA defines "small organizations" as any nonprofit enterprise that is independently owned and operated and is not dominant in its field.

Small governmental jurisdictions. The RFA defines small governmental jurisdictions as governments of cities, counties, towns, townships, villages, school districts, or special districts with populations of less than 50,000.

4.3 What is a Substantial Number of Small Entities?

In determining the scope, or 'universe', of the entities to be considered in making a significance determination, NMFS generally includes only those entities, both large and small, that can reasonably be expected to be directly or indirectly affected by the proposed action. If the effects of the rule fall primarily on a distinct segment, or portion thereof, of the industry (e.g., user group, gear type, geographic area), that segment would be considered the universe for the purpose of this criterion. NMFS then determines what number of these directly or indirectly affected entities are small entities. NMFS generally considers that the 'substantial number' criterion has been reached when more than 20% of those small entities affected by the proposed action are likely to be significantly impacted by the proposed action. This percentage is calculated by dividing the number of small entities impacted by the action by the total number of small entities within the universe. The 20 percent criterion represents a general guide; there may be instances when, in order to satisfy the intent of the RFA, an IRFA should be prepared even though fewer than 20 percent of the small entities are significantly impacted.

4.4 What is a Significant Economic Impact?

NMFS has determined that an economic impact is significant for the purposes of the RFA if a regulation is likely to result in:

- more than a 5 percent decrease in annual gross revenues,
- annual compliance costs (e.g., annualized capital, operating, reporting) that increase total costs of production by more than 5 percent,
- compliance costs as a percent of sales that are 10 or more percent higher for small entities than compliance costs for large entities,
- capital costs of compliance that represent a significant portion of capital available to small entities, considering internal cash flow and external financing capabilities, or

- the regulation is likely to result in 2 or more percent of the small entities affected being forced to cease business operations.

Note that these criteria all deal with adverse or negative economic impacts. NMFS and certain other Federal agencies interpret the RFA as requiring the preparation of an IRFA only for proposed actions expected to have significant adverse economic impacts on a substantial number of small entities over the short, middle, or long term. Most regulatory actions are designed to have net benefits over the long term; however, such actions are not shielded from the RFA's requirement to prepare an IRFA if significant adverse economic impacts on a substantial number of small entities are expected in the short or longer term. Thus, if any action has short-term significant adverse impacts on a substantial number of small entities, even though it will benefit small entities in the long term, an IRFA must be prepared.

4.5 Small Entities in the BSAI Pollock Fishery

To identify the number and type of business concerns participating in the BSAI pollock fishery that meet the definition "small entities", the operations participating in the BSAI pollock fishery must be measured against the size and affiliation standards outlined in section 4.2. While available data on ownership and affiliation patterns in the BSAI pollock fishery are not sufficiently detailed to discern whether each individual business concern meets the definition of "small entity," data available do allow some general conclusions on the number of small entities in each industry component. These general conclusions are displayed in Table 9 for 1996. Note that Table 9 was prepared for an analysis of the inshore/offshore allocation of pollock so industry participants are divided into the inshore processing sector and offshore processing sector.

Table 9 Estimated numbers and types of small entities participating in the BSAI pollock fishery in 1996

<i>Industry component or type of entity</i>	<i>Small</i>	<i>Large</i>	<i>Total</i>
<u>Inshore sector</u>			
Inshore processors	0	8	8
Inshore catcher-boats	40	51	91
<u>Offshore sector</u>			
True motherships	0	3	3
Catcher-processors	0	31	31
Catcher-boats	24	25	49
<u>Small organizations</u> (CDQ groups)	6	0	6
<u>Government jurisdictions</u> (cities)	60	1	61
TOTAL	130	119	249

Inshore processors. Four of the 8 inshore processors operating in the BSAI pollock fishery are either wholly owned subsidiaries or close affiliates of Japanese multi-national corporations. Due to their affiliation with large foreign entities with more than 500 employees worldwide, none of these processors is a small entity. Of the remaining 4 inshore processors, 3 are owned by US companies that employ more than 500 persons in all their affiliated operations, and therefore cannot be considered small entities. The remaining inshore processor has been identified as closely affiliated with its 5 delivering catcher-boats and the gross annual receipts of the affiliated entities taken together (the processor and its 5 affiliated catcher-boats) exceed the \$3 million criterion for fish harvesting operations. Therefore, none of the inshore processors in the BSAI pollock fishery appear to meet the criteria for small entities.

Inshore catcher-boats. A total of 118 catcher-boats participated in the BSAI pollock fisheries in 1996: 69 operate in the inshore sector exclusively, 27 operate in the offshore sector exclusively, and 22 operate in both sectors. Of the 91 catcher-boats that operate exclusively or partly in the inshore sector, the ownership data in the sector profiles identify 26 vessels owned in whole or part by inshore processors. These 26 vessels may be considered to be affiliated with their respective inshore processor owners and cannot therefore be considered small entities because none of the inshore processors in the BSAI pollock fishery themselves are small entities. An additional 5 catcher-boats have been identified as closely affiliated with an inshore floating processor and these 5 catcher-boats taken together with their affiliated processor exceed the \$3 million criterion for fish harvesting operations and are therefore not believed to be small entities. Furthermore, an additional 20 catcher-boats have ownership affiliations with other catcher-boats or catcher processors. The gross annual receipts of each of these groups of affiliated catcher-boats is believed to exceed the \$3 million criterion for small entities when all their fisheries earnings are taken as a whole. The remaining 40 catcher-boats operating exclusively or partly in the inshore sector are believed to qualify as small entities.

Offshore catcher-boats. Twenty seven catcher-boats operate in the offshore sector exclusively and 22 operate in both sectors for a total of 49 offshore catcher-boats. Of these, 13 have ownership affiliations with large inshore or offshore processors and, therefore, do not meet the \$3 million criterion for small entities. An additional 12 catcher-boats have ownership affiliations with other vessels or operations that taken together with their affiliated entities are believed to exceed the \$3 million gross receipts criterion for small entities when all their fisheries earnings are taken as a whole. The remaining 24 catcher-boats operating exclusively or partly in the offshore sector are believed to qualify as small entities.

True motherships. Three "true motherships" operate in the offshore sector. All 3 "true motherships" have ownership or business affiliations with large Japanese-owned processing companies, and are further affiliated with some of their delivering catcher-boats. Taken together with their affiliated entities, none of the "true motherships" are believed to meet the criteria for small entities.

Offshore processors. To qualify as a small entity, a catcher processor must be independently owned and operated, have no more than 49 percent foreign ownership, and have gross annual receipts of less than \$3 million. None of the offshore catcher processors operating in the BSAI pollock fishery appear to meet the criteria for small entities.

Small organizations. The 6 CDQ groups participating in the BSAI pollock fishery are the only small organizations that are directly affected by the pollock CDQ allocation.

Small governmental jurisdictions. The governmental jurisdictions with direct involvement in the BSAI pollock fishery are the 56 CDQ communities and 4 Alaska non-CDQ communities (Unalaska, Sand Point, King Cove, and Kodiak). All of these communities are small governmental jurisdictions with direct involvement in the BSAI pollock fishery. The remaining government jurisdiction with direct involvement in the BSAI pollock fishery, Seattle, does not qualify as a small governmental jurisdiction.

4.6 Impacts of the Alternatives on small entities

Small business entities affected directly. The 64 independent catcher-boats appear to be the only small business entities participating in the BSAI pollock fishery. The allocation of 7.5 percent of the pollock TAC to the CDQ fisheries reduces the amount of pollock available for harvest by these small entities and may reduce their annual gross revenues by more than a 5 percent relative to Alternative 1 which would not allocate pollock to the CDQ program. The impact of the pollock CDQ allocation on the 4 Alaska non-CDQ communities (Unalaska, Sand Point, King Cove, and Kodiak) is not known, but could be significant depending on the amount of annual revenue lost because pollock CDQ may be processed at different plants than pollock from the open access fisheries.

Small organizations and small governmental jurisdictions. The 6 CDQ groups representing 56 western Alaska communities derive a significant portion of their CDQ revenues from the pollock CDQ allocation. The preferred alternative of allocation of 7.5 percent of the pollock TAC to the CDQ program will allow these small entities to continue to benefit from the pollock CDQ fisheries. Alternative 1 (not reauthorizing the allocation) would have a significant impact on these small entities.

4.7 Final Regulatory Flexibility Analysis (FRFA)

When an agency issues any final rule, it must either prepare an FRFA or certify that the rule will not have a significant economic impact on a substantial number of small entities. The FRFA must discuss the comments received, the alternatives considered and the rationale for the final rule. Each FRFA must contain:

- A succinct statement of the need for, and objectives of, the rule;
- A summary of significant issues raised by the public comments in response to the IRFA, the agency's response to those comments, and a statement of any changes made to the rule as a result of the comments;
- A description and estimate of the number of small entities to which the rule will apply, or an explanation of why no such estimate is available;
- A description of the reporting, recordkeeping, or other compliance requirements of the rule; and
- A description of the steps the agency has taken to minimize the significant economic impact on small entities consistent with the stated objectives of applicable statutes, including a statement of factual, policy, and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency that affect the impact on small entities was rejected.

The last item is the most notable change in the requirements for a FRFA under the 1996 amendments to the RFA. Previously, an agency had only to describe each significant alternative it had considered that could minimize the significant economic impact of the rule and provide a statement why each had been rejected. Under the 1996 amendments, an agency must provide an explanation of why it rejected significant alternatives to the chosen course that merely affect the economic impact of the rulemaking on small entities. Further, an agency must describe the steps it has taken to minimize the significant economic impact of the alternative it has chosen, including factual, legal, and policy reasons explaining why the agency selected the preferred alternative.

The FRFA will be completed by NMFS after opportunity for public comment on the proposed rule and IRFA.

5.0 SUMMARY AND CONCLUSIONS

Section 111(a) of the Sustainable Fisheries Act of 1996 added a new provision to the Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) providing specific statutory authority for the CDQ programs for pollock, sablefish, halibut, groundfish, and crab, already approved by the North Pacific Council and the Secretary of Commerce. Section 305(i)(1) requires that the Council and Secretary establish a Western Alaska CDQ program that allocates a percentage of the Total Allowable Catch (TAC) of any Bering Sea fishery. It imposes a moratorium until October 1, 2001, on submission to the Secretary of any CDQ program allocating a percentage of TAC that was not approved by the Council before October 1, 1995, and allows an extension of CDQ programs that expire during the period of the moratorium if they meet the other requirements of the section. It also provides that, for pending CDQ programs and proposed extensions of current programs, the Secretary cannot increase the percentage of TAC allocated to any CDQ program over the amount the Council approved as of October 1, 1995.

Under the above provisions establishing CDQ programs for nearly all BSAI fisheries, the MSFCMA requires the Council and Secretary to act such that a pollock CDQ program exist after its current sunset date. Further, the Council and Secretary are directed to include pollock in the multi-species CDQ program by 1999. The Sustainable Fisheries Act of October 1996, also clearly directs the Council and the Secretary that a pollock CDQ program at an amount up to the existing 7.5 percent of pollock TAC shall be included in a comprehensive multi-species CDQ program. NMFS is currently reviewing the final rule that would implement the multi-species (MS) CDQ program for the later part of 1998.

The Council must act to recommend an FMP amendment to extend the pollock CDQ program past 1998. While the Council could have chosen to lower the CDQ allocation to less than the current 7.5 percent, the Council chose to limit the alternatives in this analysis to:

Alternative 1: No Action.

Alternative 2: Permanently extend the pollock CDQ program at 7.5 percent of the TAC.

Only Alternative 2 appears to be consistent with Congressional intent to have a pollock CDQ program for Western Alaska. Without reauthorization of the pollock CDQ Program, the 56 affected communities, organized into six separate CDQ organizations, will no longer be given an exclusive share of the pollock resource. The 7.5% allocation yields an average of \$2 million in wages, and \$10.2 million net income on annual revenues of nearly \$20 million to CDQ program recipients. These direct benefits likely understate total economic benefits to these communities, due to the indirect benefits generated from the development projects undertaken by the program. Additionally, the direct and indirect impacts of the monies generated by the program represent a differentially higher economic impact when compared to other regions of the State of Alaska and the United States in general. This is due to the relative absence of alternative economic bases in these communities. The social benefits attributable to this program are quite clear and have not been the subject of debate during the program or in consideration of extending the program.

None of the alternatives are expected to have a significant impact on endangered or threatened species, and none would have an affect takes of marine mammals.

None of the alternatives is expected to result in a "significant regulatory action" as defined in E.O. 12866.

None of the alternatives are likely to significantly affect the quality of the human environment, and the preparation of an environmental impact statement for the proposed action is not required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

6.0 REFERENCES

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APPENDIX I. NOAA GC OPINION



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
OFFICE OF THE GENERAL COUNSEL
Washington, D.C. 20230

ATTORNEY - CLIENT PRIVILEGE

July 17, 1997

MEMORANDUM FOR: F/SF - Gary Matlock
FROM: GCF - Margaret Frailey Hayes
SUBJECT: Interpretation of section 305(i)

Lawyers in GCAK and GCF have reached the consensus that section 305(i) requires that an FMP amendment be submitted by the Council and approved by the Secretary in order to extend the pollock CDQ program beyond December 31, 1998.

At the time the Sustainable Fisheries Act (SFA) was passed, the North Pacific Council had approved three CDQ programs. Of these three programs, two had been approved by the Secretary.

The halibut and sablefish CDQ program was part of Amendment 15. Amendment 15 was approved by the Council on December 8, 1991 (reconfirmed in April 1992), and by the Secretary on January 29, 1993.

The pollock CDQ program for 1992 through 1995 was part of Amendment 18 to the Fishery Management Plan for the Groundfish Fishery in the Bering Sea and Aleutian Islands Area. It was approved by the Council in June 1991 and by the Secretary on March 4, 1992. The pollock CDQ program was extended through December 31, 1998, as part of Amendment 38. Amendment 38 was approved by the Council in June 1995 and by the Secretary on November 28, 1995.

The multispecies groundfish and crab CDQ program was approved by the Council in June 1995 as part of Amendment 39. Amendment 39 is currently undergoing Secretarial review.

The introductory sentence of section 305(i)(1)(A) of the Magnuson-Stevens Fishery Conservation and Management Act states, "The North Pacific Council and the Secretary shall establish a western Alaska community development quota program under which a percentage of the total allowable catch of any Bering Sea fishery is allocated to the program." Although this sentence requires the Secretary to establish a single, stand-alone western Alaska CDQ program, such program must be consistent with the requirements of the remaining paragraphs of section 305(1).



Section 305(i)(1)(C)(i) states, "Prior to October 1, 2001, the North Pacific Council may not submit to the Secretary any fishery management plan, plan amendment, or regulation that allocates to the western Alaska community development quota program a percentage of the total allowable catch of any Bering Sea fishery for which, prior to October 1, 1995, the Council had not approved a percentage of the total allowable catch for allocation to such community development quota program." This sentence precludes the submission of a CDQ program for additional species such as salmon or scallops.

Section 305(i)(1)(C)(i) continues by stating, "The expiration of any plan, amendment, or regulation that meets the requirements of clause (ii) prior to October 1, 2001, shall not be construed to prohibit the Council from submitting a revision or extension of such plan, amendment, or regulation to the Secretary if such revision or extension complies with the other requirements of this paragraph." Of the three CDQ programs that were approved by the North Pacific Council prior to October 1, 1995, only the pollock CDQ program was scheduled to expire. Therefore, we believe the second sentence of section 305(i)(1)(C)(i) applies primarily to the pollock CDQ program. This sentence authorizes the Council to submit a revised or extended pollock CDQ program for Secretarial review. The sentence would not have been necessary if the drafters had intended that section 305(i)(1)(C)(ii) would automatically extend the pollock CDQ program after 1998.

Section 305(i)(1)(C)(ii) states, "With respect to a fishery management plan, plan amendment, or regulation for a Bering Sea fishery that--(I) allocated to the western Alaska community development quota program a percentage of the total allowable catch of such fishery; and (II) was approved by the North Pacific Council prior to October 1, 1995; the Secretary shall, except as provided in clause (iii) and after approval of such plan, amendment, or regulation under section 304, allocate to the program the percentage of the total allowable catch described in such plan, amendment, or regulation." (Section 305(i)(1)(C)(iii) amends the allocation percentages of crab in the multispecies groundfish and crab program.)

The primary application of section 305(i)(1)(C)(ii) is to the multispecies groundfish and crab program, because that is the only one that had been approved by the North Pacific Council prior to October 1, 1995, but had not yet been approved by the Secretary of Commerce on October 11, 1996. The current pollock CDQ program had already been approved by the Secretary in 1995. This sentence cannot be read as mandating continuation of the pollock CDQ program past its expiration date, because Amendment 38 does not describe any allocation of TAC to the CDQ program for any year after 1998.

The second sentence in section 305(i)(1)(C)(ii) is susceptible of different interpretations, but we believe Congressional intent

was to cap all three programs at 7.5 percent, the highest percentage recommended for any of the programs prior to October 1, 1995. (See the Senate Commerce Committee report at 28.)

Section 305(i)(D) states, "This paragraph shall not be construed to require the North Pacific Council to resubmit, or the Secretary to reapprove, any fishery management plan or plan amendment approved by the North Pacific Council prior to October 1, 1995, that includes a community development program, or any regulations to implement such plan or amendment." This provision was added because some staffers were concerned that the multispecies/crab CDQ program would have to be reapproved by the Council following passage of the SFA, since that amendment had not yet been implemented.

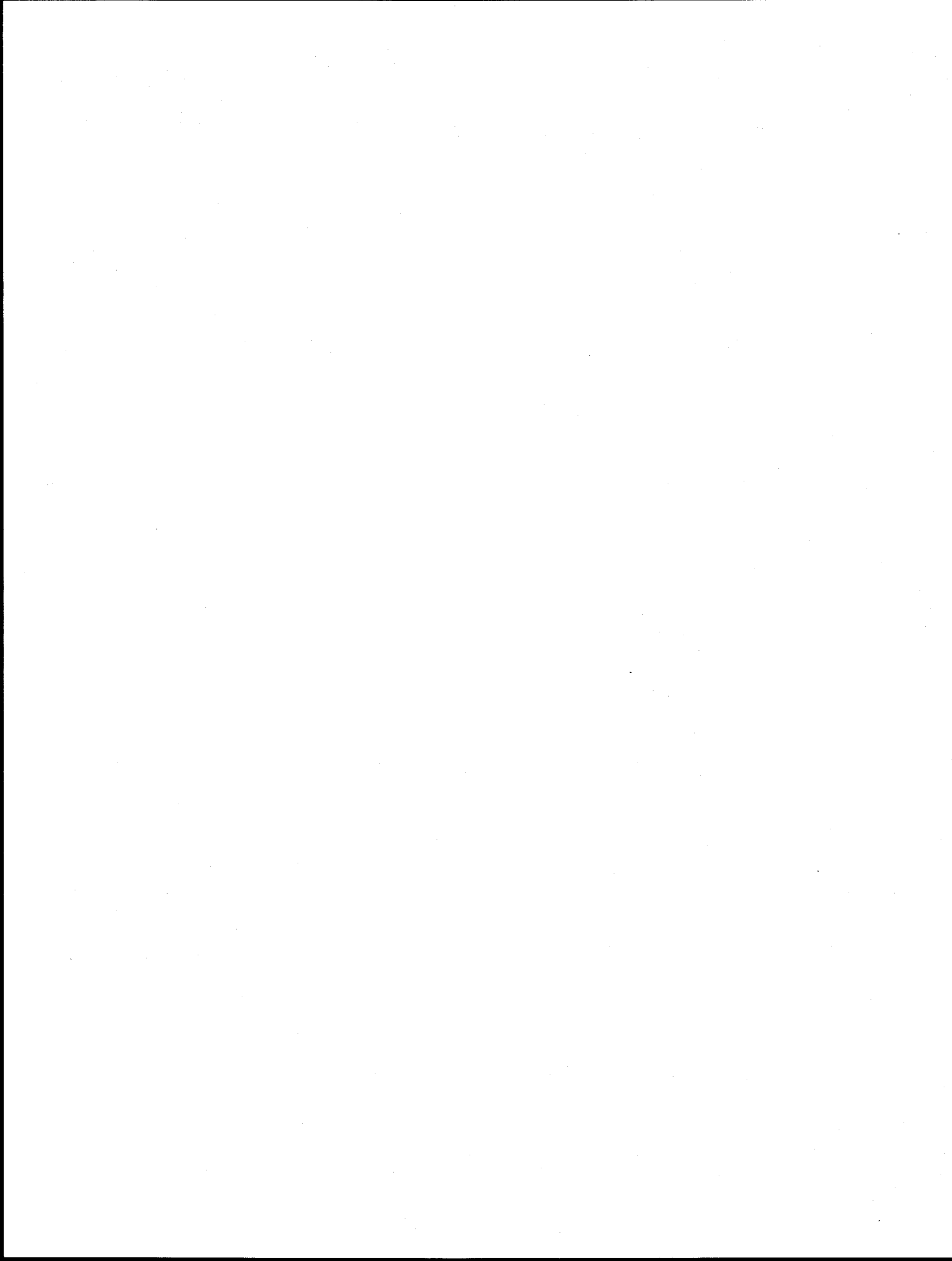
We read this sentence as permissive: it allows the Council to extend or revise an amendment, under section 305(i)(1)(C)(i), but does not mandate such extension or revision. We respectfully disagree with Mr. Young's opinion that this language "requires the Secretary to allocate a percentage of the total allowable catch of Bering Sea pollock to the stand-alone western Alaska CDQ program." The sentence does not require the Secretary to do anything.¹

We are aware of the material Senator Stevens inserted into the record, describing the changes effected by the managers' amendment. We have tried to find a reading of section 305(i) that would accomplish what the Senate managers thought they had done. We are unable, however, to find any provision in section 305(i) that authorizes the Secretary, independent of a Council submission extending the pollock CDQ program, to allocate any amount of pollock to such a program after the expiration date of the current amendment.

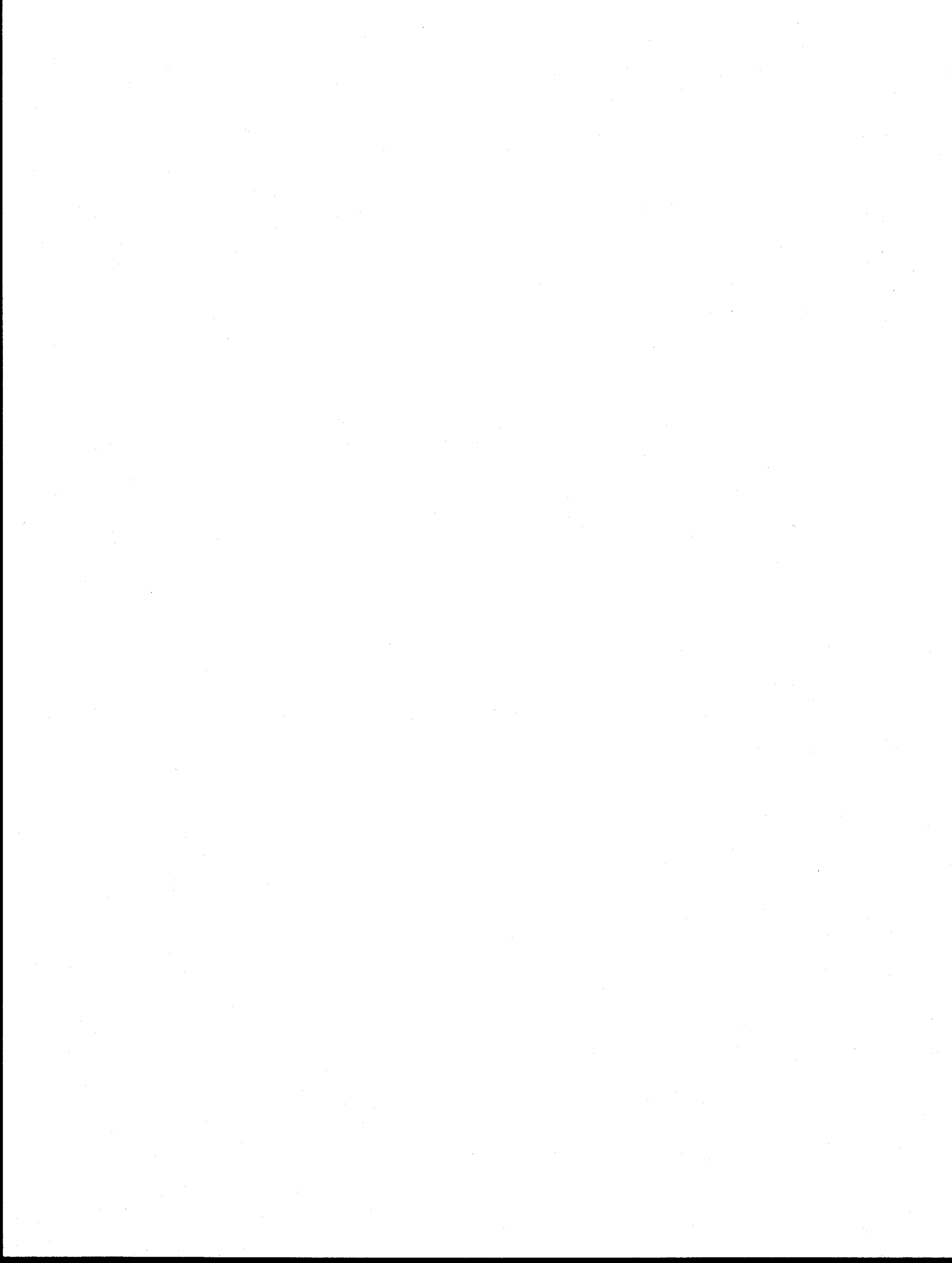
When section 305(i) is read in its entirety, we believe that it requires an FMP amendment to be submitted by the Council and approved by the Secretary to extend the pollock CDQ program beyond December 31, 1998.

cc: DGC - Jay S. Johnson
GCAK - Jonathan Pollard
GCF - Marian Macpherson

¹ In addition, if section 305(i)(D) were read to extend the pollock CDQ program indefinitely, the second sentence of section 305(i)(1)(C)(i) would become superfluous, since no relevant plans, amendments, or regulations would ever have expired.



APPENDIX II. MSFCMA LANGUAGE



(i) ALASKA AND WESTERN PACIFIC COMMUNITY DEVELOPMENT PROGRAMS.--

(1) (A) The North Pacific Council and the Secretary shall establish a western Alaska community development quota program under which a percentage of the total allowable catch of any Bering Sea fishery is allocated to the program.

(B) To be eligible to participate in the western Alaska community development quota program under subparagraph (A) a community shall--

- (i) be located within 50 nautical miles from the baseline from which the breadth of the territorial sea is measured along the Bering Sea coast from the Bering Strait to the western most of the Aleutian Islands, or on an island within the Bering Sea;
- (ii) not be located on the Gulf of Alaska coast of the north Pacific Ocean;
- (iii) meet criteria developed by the Governor of Alaska, approved by the Secretary, and published in the Federal Register;
- (iv) be certified by the Secretary of the Interior pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) to be a Native village;
- (v) consist of residents who conduct more than one-half of their current commercial or subsistence fishing effort in the waters of the Bering Sea or waters surrounding the Aleutian Islands; and
- (vi) not have previously developed harvesting or processing capability sufficient to support substantial participation in the groundfish fisheries in the Bering Sea, unless the community can show that the benefits from an approved Community Development Plan would be the only way for the community to realize a return from previous investments.

(C) (i) Prior to October 1, 2001, the North Pacific Council may not submit to the Secretary any fishery management plan, plan amendment, or regulation that allocates to the western Alaska community development quota program a percentage of the total allowable catch of any Bering Sea fishery for which, prior to October 1, 1995, the Council had not approved a percentage of the total allowable catch for allocation to such community development quota program. The expiration of any plan, amendment, or regulation that meets the requirements of clause (ii) prior to October 1, 2001, shall not be construed to prohibit the Council from submitting a revision or extension of such plan, amendment, or regulation to the Secretary if such revision or extension complies with the other requirements of this paragraph.

(ii) With respect to a fishery management plan, plan amendment, or regulation for a Bering Sea fishery that--

(I) allocates to the western Alaska community development quota program a percentage of the total allowable catch of such fishery; and

(II) was approved by the North Pacific Council prior to October 1, 1995; the Secretary shall, except as provided in clause (iii) and after approval of such plan, amendment, or regulation under section 304, allocate to the program the percentage of the total allowable catch described in such plan, amendment, or regulation. Prior to October 1, 2001, the percentage submitted by the Council and approved by the Secretary for any such plan, amendment, or regulation shall be no greater than the percentage approved by the Council for such fishery prior to October 1, 1995.

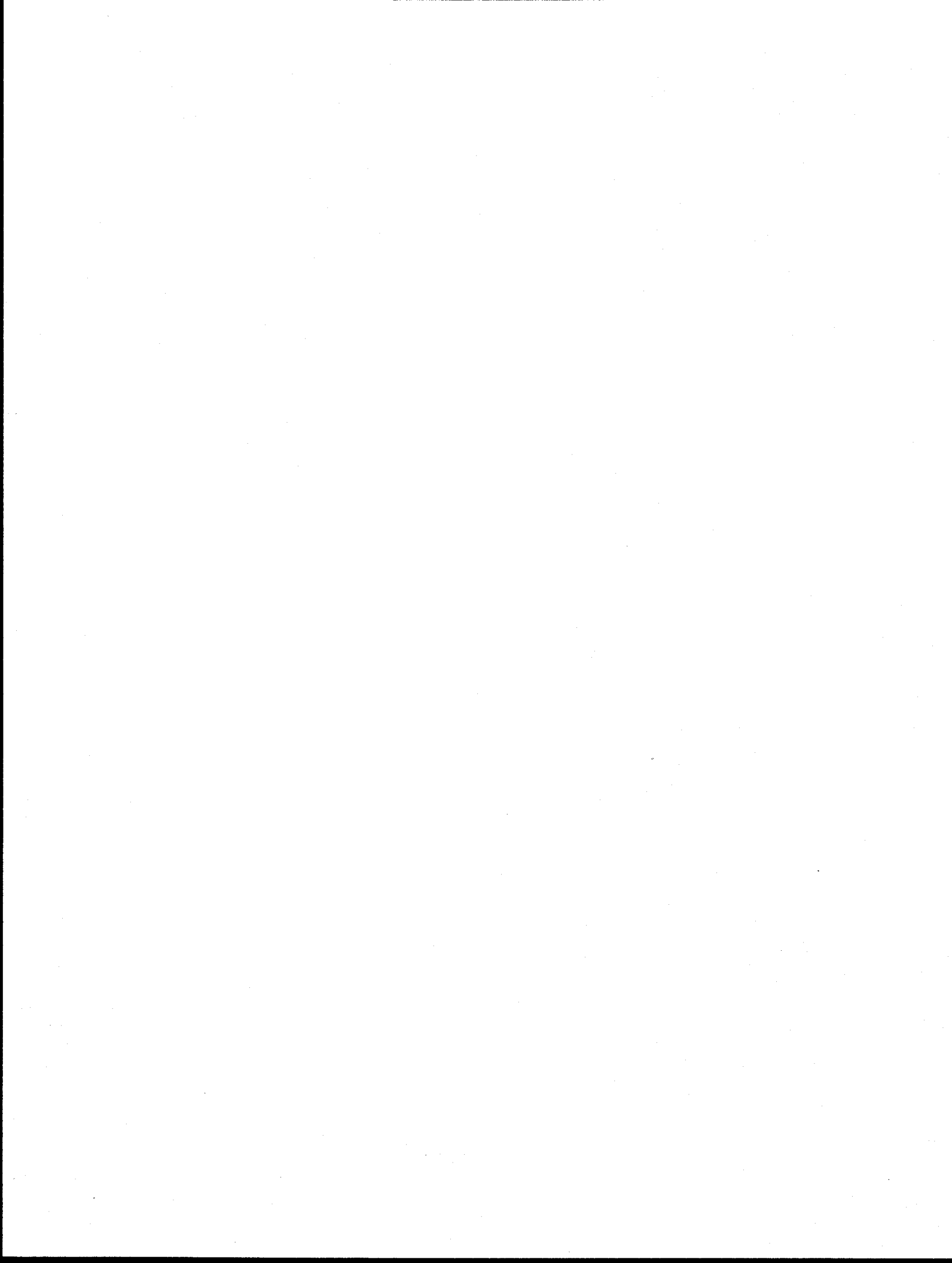
(iii) The Secretary shall phase in the percentage for community development quotas approved in 1995 by the North Pacific Council for the Bering Sea crab fisheries as follows:

(I) 3.5 percent of the total allowable catch of each such fishery for 1998 shall be allocated to the western Alaska community development quota program;

(II) 5 percent of the total allowable catch of each such fishery for 1999 shall be allocated to the western Alaska community development quota program; and

(III) 7.5 percent of the total allowable catch of each such fishery for 2000 and thereafter shall be allocated to the western Alaska community development quota program, unless the North Pacific Council submits and the Secretary approves a percentage that is no greater than 7.5 percent of the total allowable catch of each such fishery for 2001 or the North Pacific Council submits and the Secretary approves any other percentage on or after October 1, 2001.

(D) This paragraph shall not be construed to require the North Pacific Council to resubmit, or the Secretary to reapprove, any fishery management plan or plan amendment approved by the North Pacific Council prior to October 1, 1995, that includes a community development quota program, or any regulations to implement such plan or amendment.



APPENDIX III. DCRA REPORT



Revised Draft Report

**Economic Impacts of the Pollock
Community Development Quota Program**

Prepared by

STATE OF ALASKA

MAY, 1998

Acknowledgments:

The compilation and writing of this report was done by the Alaska Department of Community & Regional Affairs. This report added to previous reports developed by former DCRA CDQ Manager, Julie Anderson, with the assistance of Karen Lang.

The State of Alaska would like to thank the Institute for Social and Economic Research for providing the 1990 U.S. Census data and the definition of economic development located in Chapter VI.

Information on the CDQ groups and their economic impacts is based primarily on material provided by the six CDQ groups and independent audit reports. All of the groups were helpful in providing information for this report.

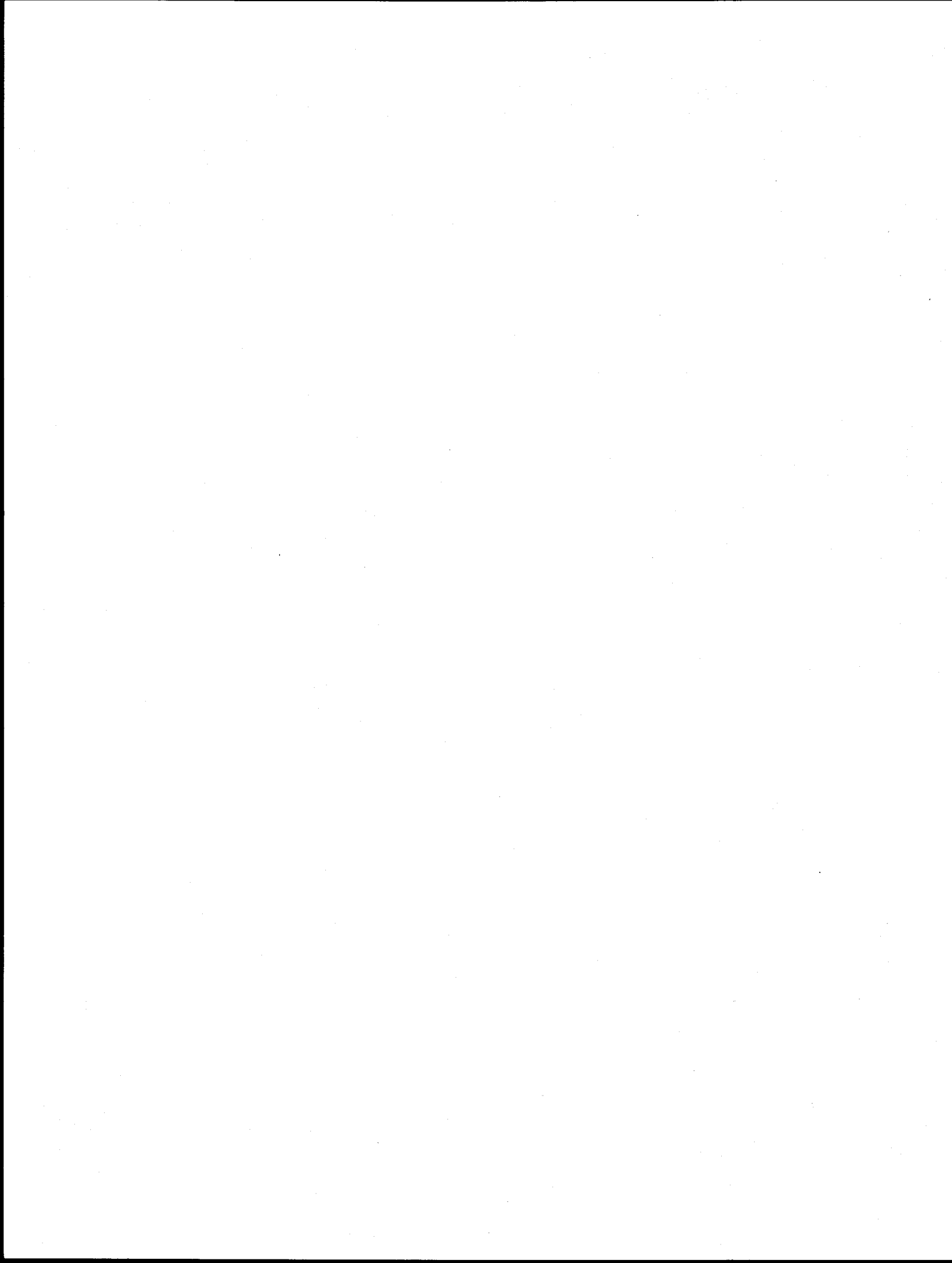
The editorial review and input by the staff of the Alaska Department of Fish and Game contributed greatly as well.

A report prepared for the State of Alaska, "Economic Impacts of the 1992/93 Pollock Community Development Quotas" in June of 1994, by E3 Consulting, was the basis for much of the geographical and historical data.



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I. INTRODUCTION

The Bering Sea pollock fishery is one of the largest fisheries in the world, with an annual harvest of about 2.4 billion pounds (1.1 million metric tons) and an approximate value of \$ 200 million.¹ Beginning in 1992, the Community Development Quota (CDQ) program set aside 7.5% of the Bering Sea pollock harvest (about 182 million pounds annually) for direct allocation to disadvantaged coastal communities in Western Alaska.

These 56 "CDQ communities" bordering the Bering Sea make up one of the most economically depressed regions of the United States. A major goal of the program is to allow these communities to accumulate sufficient capital so they can invest in the fishery, thus bringing sustainable economic development to the region. This report examines the economic impacts of the first six years of the Bering Sea pollock CDQ program on the western Alaska region.

The impact of the pollock CDQ program on western Alaska has been significant. Through leasing activities of pollock CDQ, revenue streams of approximately \$20 million have been made available for economic and community development. With this money, CDQ groups have pursued many fisheries related projects including vessel acquisitions, community based development projects, and employment and training programs. Pollock CDQ is the primary reason for many of the accomplishments of the CDQ program to date. If pollock CDQ was no longer available to the program, benefits associated with the CDQ group's activities would be greatly diminished.

Organization of this Report

Chapter II of the report describes the western Alaska region. Chapter III describes the initial history and implementation of the CDQ program, and a glimpse of the program's early years. Chapter IV covers the basic development strategies of the CDQ groups and provides some aggregated for review. Chapter V details the CDQ groups and their projects. Chapter VI describes how the development strategies and resulting projects are leading towards economic development in western Alaska.

Information Sources

The economic description of the western Alaska region in this report is based primarily on the 1990 U.S. Census. Information on the CDQ projects and their economic impacts is based primarily on material provided by the six CDQ groups. These include CDQ applications, quarterly reports and audited annual reports. Further data was obtained from the Department of Community & Regional Affairs records.

¹ Number estimates ex-vessel value of pollock at \$0.08/lb.



II. THE WESTERN ALASKA REGION

The Physical Setting

Renowned for its fierce weather, the Bering Sea's open ocean waters are home to some of the greatest fishery resources on earth. Vast schools of fish such as pollock and herring cascade the sea's depths while the ocean floor is home to numerous species of groundfish and crustaceans including Pacific cod and the famous Alaska king crab. The rivers emptying into the Bering Sea are visited yearly by millions of salmon migrating upstream to spawn. Feeding on all of this natural bounty are numerous species of marine mammals and sea birds.

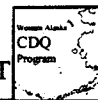
The open waters of the Bering Sea annually freeze as far south as the Pribilof Islands and Bristol Bay, and even further south along the coast. Natural deep draft harbors are non-existent north of the Alaska Peninsula due to extreme tides, low terrain and silty bottom floors. The weather has been described as among the worst on earth, with hurricane force winds, mountainous waves, freezing spray, and a winter season of short days and long nights.

The coastline which borders the Bering Sea is barren and almost entirely treeless. It includes several thousand miles of coast from the uninhabited tip of the Aleutian Islands to the tiny community of Wales astride the Bering Straits. The land mass varies from volcanic along the Aleutian Islands to marshy delta at the mouth of the Yukon and Kuskokwim Rivers. Where the ground is not solid rock, it is often underlain by permanently frozen ground tens or even hundreds of feet deep.

Natural Resources

There are limited mineral resources along the coast including deposits of gold, platinum, and tin. Due to the high expense of operating in the harsh environment, very little mining occurs. There is also the possibility of major petroleum reserves offshore from the region. Due to the engineering challenges, changing regulations, and high exploration and production costs, these reserves have not been developed, although some exploratory wells have been drilled.

Although markedly barren in the winter, the Bering Sea region is lush in the summer. At that time it possibly contains more mass of mosquitoes than all other species combined. Vast flocks of waterfowl migrate north to nest in the marshes and along the rivers and lakes. Seabirds nest in the millions in densely packed rookeries. Animals that have hibernated for much of the year take advantage of the few summer months to eat a years worth of food. Large animals such as caribou and whales migrate back and forth to the rich, productive summer grazing grounds. Also, during the brief summer millions of salmon return to their natal streams and herring to the coastline. These are followed by the numerous fish, mammals and birds that feed on them.



The Western Alaska Economy

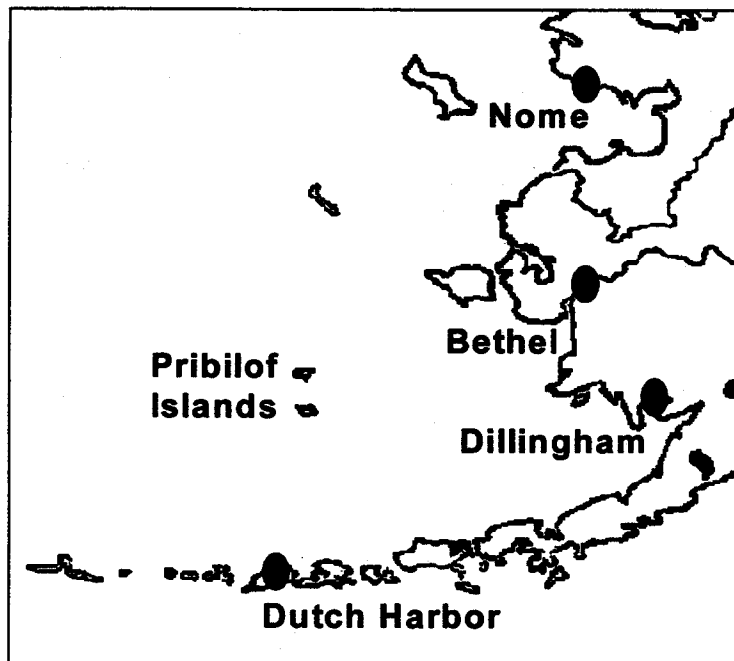
There are five regional centers in the region: Unalaska, King Salmon, Dillingham, Bethel, and Nome. Unalaska is not a CDQ community due to its pre-existing involvement in the Bering Sea groundfish fisheries. Much of the economy in King Salmon and Dillingham is based on seasonal salmon fishing, whereas Nome's economy was originally based on gold mining. Bethel has some salmon fishing in the summer, although in recent years this fishery has been depressed. Each center functions as a commercial and transportation hub. Residents from outlying communities visit to purchase goods and services not available locally and pass through on their way to Anchorage and beyond.

While several roads exist in the communities, only a few serve as links and none connect outside the region. Almost all of the towns and villages are totally isolated from each other. Access between them is limited to boats in the summer, snow machines in the winter, and planes. The closest CDQ community to a continuous road system is about 300 air miles from Anchorage and the farthest over 1,200 miles.

The reliance on air transportation means that the price of many goods are greatly increased over other areas of the country. In addition, it is very expensive to travel to

Anchorage or even between communities.

Wages are commensurate with these higher costs bringing costs of production with local labor to be higher than elsewhere.



Major regional centers in western Alaska.

The remote and isolated nature of western Alaska limits employment opportunities for most residents to jobs within their communities. Commuting out of the region or even to regional centers on a regular basis is prohibitively expensive. The wage economy of western Alaska is concentrated in only a few sectors. Relatively few locally consumed goods and services are provided in the region; most goods and services are imported. There is a high dependence on income from transfer programs such as the Alaska Permanent Fund Dividend

Program, the Alaska Longevity Bonus Program, and Aid for Families with Dependent Children.



The majority of regional employment is with federal, state and local governments. Federal employees consist primarily of federal land managers, health care providers, airport personnel, and military personnel. State personnel are employed primarily in schools, various state agencies, health care centers, and airport operations. Local governments employ administrators, school workers, utility operators and local public safety officers.

A typical small community has limited employment opportunities. These might include a school, post office, local utilities, retail store(s), local government, health aide, public safety officer, airport agent, National Guard, and local road and airport maintenance. Others employed locally such as school teachers and clerics are most often from outside the region. Larger communities have more services, retail centers, and government services, leading to more employment opportunities.

Jobs related to education account for 26% of all regional employment. Each community has its own school which is often the main employer in the community. It is common for residents to share one full time position between several households to ensure the maximum employment opportunities.

U.S. Census Data for the Western Alaska Region

The best available data for describing the population and economy of western Alaska is from the 1990 U.S. Census which occurred prior to the start of the CDQ program in 1992. As will be discussed in Chapter VI, the CDQ program has provided significant new employment and income for some residents of CDQ communities. In addition, economic changes not related to the CDQ program have occurred in the fishing industry as well as other parts of the economy. Although the 1990 census data is somewhat dated, it still provides a reasonable picture of general economic conditions in the region.

Population

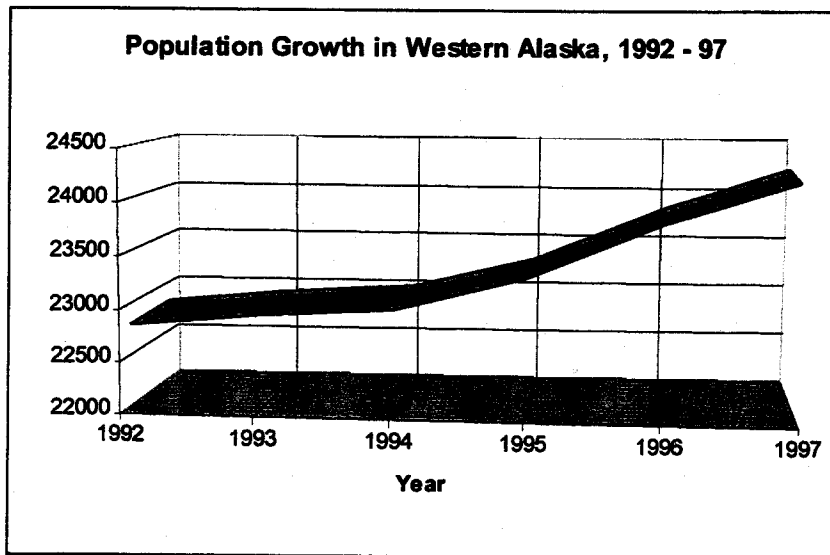
There are 56 communities in the CDQ region of western Alaska. As shown in Table II-1, these communities had a total population of 21,037 in 1990. By 1997, the population had increased 16% to 24,395¹. The combined population of the villages represented by individual CDQ groups range from 546 for the Aleutian Pribilof Island Community Development Association (APICDA) to 8,974 for the Norton Sound Economic Development Corporation (NSEDC).

Seventy-eight percent of the residents of the CDQ area were Alaska Natives. All of the groups have a majority Alaska Native population. For three of the groups (APICDA, Coastal

¹ Taken from the Alaska Department of Community & Regional Affairs population statistics located on the DCRA Community Database.

Villages Region Fund (CVRF), and Yukon Delta Fisheries Development Association (YDFDA) the Alaska Native population was over ninety percent of the total.

All of the CDQ groups have a relatively large share of their population under the age of sixteen; in the YDFDA region more than 40% of the population is under sixteen. This indicates both a growing labor force that will require jobs in the future and the relatively larger significance of any employment increase relative to the working age population.



Data obtained from Department of Community & Regional Affairs, Research & Analysis

Labor Force and Employment

Table II-2 shows labor force and employment characteristics of the CDQ group villages. The civilian labor force is only 59% of the population aged 16-65. Civilian labor force participation is limited by membership in the military and those who choose not to participate in the labor force.

At the time of the census, all CDQ groups were experiencing relatively high levels of unemployment, ranging from 9% (Bristol Bay Economic Development Corporation [BBEDC]) to 31% (YDFDA). While these high unemployment rates partly reflect the seasonality of employment opportunities and the timing of the census in April, they also may show the effects of limited employment opportunities. It is important to note that unemployment is defined as the percentage of those within the labor force who are not working. When people know there are no jobs available, they stop looking and are not counted as unemployed. This lends to the possibility that there are higher unemployment rates than were actually recorded.

Table II-3 also shows the types of jobs held by the residents of the CDQ areas in 1990. There is a relatively low share of the resident population working in the industries and occupations associated with fishing. While almost fifteen percent of the employment in the APICDA and Central Bering Sea Fishermen's Association (CBSFA) regions was in the fisheries industry, no other region had over five percent in this industry. Only CBSFA had a significant share of employment in manufacturing, which is almost entirely fish processing. While work in the transportation industry may also be fisheries-related, fishing industry employment was not significant in most of the CDQ group areas in 1990. In five of the groups, Educational Services and Public Administration were the most important industries, indicating the importance of public sector/government jobs to these regions.



Income

Table II-4 describes the income characteristics of the CDQ group communities in 1990. All of these regions had median incomes which were lower than the state median income of \$41,408 in 1989. The median income of the Central Bering Sea area and the Bristol Bay area was less than ten percent below the state level, but in the Yukon Delta area and the Aleutian Pribilof area the median income was only slightly greater than half the state level. The relatively high cost of living in rural Alaska suggests that in real terms, comparing the median incomes may actually underestimate the economic well being of residents in these regions.

In 1989 the poverty rate for the state was almost seven percent. The poverty rates in all the CDQ areas except the Central Bering Sea area were at least twice the state rate.

Social Conditions

In 1990, more than 25% of the people in the 56 CDQ communities lived below the poverty level. Most residents of western Alaska are Alaska Natives. Many older people speak English as a second language or not at all. Much of the housing available in the communities is substandard and utilities that most U.S. citizens take for granted such as water and phones are in short supply. In over half of the communities, five gallon buckets or outhouses remain the primary means of sewage disposal. In 1990, only thirteen communities (24%) had piped water and sewer available to at least half of the homes. The result is poor health conditions, high rates of infectious diseases, and low living standards.

Table II-1

Characteristics of the 56 CDQ Communities in 1989	
Total population	21,037
Average community population	390
Native Americans as % of the population	78%
Houses with no plumbing	37%
Houses with no phone	29%
Persons below poverty level	25%

Source: 1990 U.S. Census

Western Alaskan communities in general have many of the social ills associated with poverty and isolation. Many of these communities experience considerable problems with drug and alcohol abuse. Young people suffer from high rates of teen pregnancy and suicide. Prevalent throughout many communities is a feeling of despair and hopelessness.

Subsistence

Western Alaskans derive a large part of their food from subsistence hunting, fishing, and gathering. Based on a subsample from the CDQ communities, the average subsistence harvest is 437 pounds per person. The majority of this harvest is fish. Per-capita subsistence harvests tend



to be largest for residents of smaller communities which have fewer employment opportunities, very limited access to retail stores, and the highest percentage of Native inhabitants.

Subsistence harvests provide a large portion of the nutritional needs of western Alaska residents. At least as important is the cultural and emotional satisfaction that subsistence activities provide. It is not uncommon for western Alaskans to value subsistence harvest participation as a priority over wage labor. The result is often confusing to persons who do not understand this trade-off, as employees may take time off from wage employment to hunt and fish with their families whether or not such time is provided.



An Inupiat family tends to fishing nets.²

Salmon and Herring Fisheries

Salmon and herring fishing occurs in many parts of western Alaska. With the notable exception of the Bristol Bay salmon fishery, most local fisheries have a very low average catch and provide relatively low income to fishermen. Local participation in the larger regional fisheries has decreased over time and the necessity of a limited entry fishing permit--prohibitively expensive in the more lucrative fisheries--has discouraged further entry. Over the past two decades about 25% of the most valuable salmon fishing permits have been sold out of the region.

In 1992 about 20% of the regional population owned fishing permits or were licensed crewmen while just over 2% of the people were employed in fish processing. Most fishermen and the vast majority of processors working in the region reside outside western Alaska. Many local fishermen have other jobs, often only part-time. Since most local residents have few assets, they lack the means of acquiring salmon fishing permits. Many locals rely on subsistence hunting and gathering. They must choose between a short intense working season, often at relatively low wages, or harvesting salmon for winter food.

Western Alaska salmon fisheries have declined in recent years and some have been labeled disasters. In 1993 even subsistence salmon fishing was closed in some areas. With the

² Picture was obtained from the Internet site for the University of Connecticut Libraries. (www.lib.uconn.edu/ArcticCircle/CulturalViability/Inupiat/)



increase of farmed salmon worldwide, it has become very difficult for the remote western Alaska to provide a quality product to markets at a price that will support region residents. Traditional salmon fisheries from Norton Sound down to Bristol Bay have been hit hard in recent years due to falling prices and stock fluctuations. Similar problems have occurred in the herring fishery. Prices for the lucrative herring roe have fallen in the past few years. Although the herring fisheries remains viable, region fishermen face progressively lower prices and returns for their efforts.

Table II-2: Selected 1990 U.S. Census Data for CDQ Communities - Population

	Aleutian Pribilof Island Community Development Association	Bristol Bay Economic Development Corporation	Central Bering Sea Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association	Total, All CDQ Groups
Total Population	397	4719	763	5781	7621	1756	21037
Male	201	2525	489	3051	4104	879	11249
Female	196	2194	274	2730	3517	877	9788
Native	364	2641	531	5521	5617	1603	16277
Under 16 years	120	1463	176	2256	2659	704	7378
Ages 16-64	243	3061	562	3203	4568	971	12608
65 years and over	34	195	25	322	394	81	1051
Percentage of Population							
Male	51 %	54 %	64 %	53 %	54 %	50 %	53 %
Female	49 %	46 %	36 %	47 %	46 %	50 %	47 %
Native	92 %	56 %	70 %	96 %	74 %	91 %	77 %
Under 16 years	30 %	31 %	23 %	39 %	35 %	40 %	35 %
Ages 16-64	61 %	65 %	74 %	55 %	60 %	55 %	60 %
65 years and over	9 %	4 %	3 %	6 %	5 %	5 %	5 %

Source: 1990 U.S. Census. Data provided by Institute of Social and Economic Research.

Table II-3: Selected 1990 U.S. Census Data for CDQ Communities - Employment

	Aleutian Pribilof Island Community Development Association	Bristol Bay Economic Development Corporation	Central Bering Sea Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association	Total, All CDQ Groups
Civilian labor force	133	1786	370	1612	3048	549	7498
As % of population 16-64	55%	58%	66%	50%	67%	57%	59%
Number of people employed	117	1620	330	1296	2540	378	6281
Number of people unemployed	16	166	40	316	508	171	1217
Unemployment rate	12%	9%	11%	20%	17%	31%	16%
Employment by Occupation							
Executive, Administrative, and managerial occupations	9%	16%	9%	8%	14%	10%	12%
Professional specialty occupations	10%	21%	11%	25%	20%	24%	20%
Technicians and related support occupations	0%	5%	4%	1%	5%	3%	4%
Sales Occupations	8%	6%	1%	8%	7%	10%	7%
Administrative support occupations including clerical	7%	16%	12%	16%	18%	19%	16%
Private household occupations	0%	0%	0%	1%	0%	0%	0%
Protective service occupations	2%	2%	6%	3%	2%	3%	2%
Service occupations, except protective and household	22%	11%	10%	18%	16%	16%	14%
Farming, forestry, and fishing occupations	13%	2%	10%	1%	1%	0%	1%
Precision production, craft, and repair occupations	7%	11%	17%	8%	9%	7%	9%
Machine operators, assemblers and inspectors	3%	1%	6%	2%	3%	1%	2%
Transportation and material moving occupations	14%	4%	5%	2%	1%	1%	2%
Handlers, equipment cleaners, helpers, and laborers	7%	4%	11%	7%	5%	5%	5%
Employment by Industry							
Agriculture, forestry and fisheries	15%	3%	13%	1%	1%	1%	2%
Mining	0%	0%	0%	0%	4%	0%	2%
Construction	14%	4%	10%	2%	3%	2%	3%
Manufacturing, nondurable goods	0%	2%	22%	2%	1%	0%	2%
Manufacturing, durable goods	0%	1%	0%	0%	0%	0%	0%
Transportation	10%	11%	4%	5%	8%	7%	8%
Communications and other public utilities	2%	5%	5%	5%	3%	6%	4%
Wholesale trade	0%	1%	2%	2%	0%	3%	1%
Retail trade	15%	12%	4%	15%	16%	18%	14%
Finance, insurance and real estate	0%	2%	0%	0%	3%	1%	2%
Business and repair service	2%	3%	1%	2%	2%	1%	2%
Personal services	0%	2%	4%	2%	2%	1%	2%
Entertainment and recreation servi	0%	0%	1%	0%	2%	1%	1%
Health services	7%	10%	6%	4%	9%	5%	8%
Educational services	16%	22%	10%	41%	22%	38%	25%
Other professional and related services	0%	0%	0%	0%	0%	0%	0%
	7%	6%	8%	4%	7%	3%	5%
Public administration	13%	16%	12%	15%	16%	14%	15%

Source: 1990 U.S. Census. Data provided by Institute of Social and Economic Research.

Table II-4: Selected 1990 U.S. Census Data for CDQ Communities - Income

	Aleutian Pribilof Island Community Development Association	Bristol Bay Economic Development Corporation	Central Bering Sea Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association	Total, All CDQ Groups
Total income	\$4,583,225	\$77,039,021	\$11,532,745	\$30,048,288	\$84,455,823	\$12,049,776	\$219,708,878
Per capita income	\$11,545	\$16,325	\$15,115	\$5,198	\$11,082	\$6,862	\$10,444
Total household income	\$4,526,806	\$72,849,438	\$7,926,874	\$29,831,135	\$84,064,434	\$11,868,549	\$211,067,236
Number of households	135	1480	161	1361	2238	411	5786
Average income per household	\$33,532	\$49,223	\$49,235	\$21,919	\$37,562	\$28,877	\$36,479
Household income distribution							
Less than \$5,000	5.9%	6.4%	5.6%	15.1%	9.6%	5.1%	9.6%
\$5,000 to \$9,999	13.3%	7.8%	0.0%	16.7%	7.7%	12.2%	10.1%
\$10,000 to \$14,999	17.8%	8.2%	5.0%	14.1%	10.5%	14.6%	11.1%
\$15,000 to \$24,999	14.1%	11.9%	14.3%	21.0%	14.1%	25.3%	16.0%
\$25,000 to \$34,999	8.1%	11.8%	7.5%	15.0%	13.2%	12.9%	13.0%
\$35,000 to \$49,999	14.8%	15.3%	26.7%	9.8%	16.0%	14.8%	14.6%
\$50,000 to \$74,999	16.3%	20.1%	23.0%	6.0%	15.8%	10.2%	14.4%
\$75,000 to \$99,999	5.2%	10.6%	11.8%	1.5%	8.7%	1.7%	7.0%
\$100,000 to \$149,000	4.4%	6.5%	5.0%	0.7%	4.3%	3.2%	4.0%
\$150,000 or more	0.0%	1.4%	1.2%	0.0%	0.0%	0.0%	0.4%
Median household income (dollars)	\$23,750	\$38,437	\$39,922	\$16,691	\$31,145	\$21,193	
Poverty Status in 1989							
Number of families	99	1063	132	1091	1641	327	4353
Families in poverty	14	148	5	418	305	79	969
Percent of families in poverty	14.1%	13.9%	3.8%	38.3%	18.6%	24.2%	22.3%

Source: 1990 U.S. Census. Data provided by Institute of Social and Economic Research.



III. COMMUNITY DEVELOPMENT QUOTA PROGRAM

People have harvested the resources of the Bering Sea since it was formed, sometime after the last ice age, and after immigration to the Americas had begun. Until recently, this harvest occurred almost exclusively along the shores and rivers. Native people ventured only a short distance from shore to fish and hunt marine mammals. During the late 1800s whalers plied



Native Alaskans have long depended on the resources of the Bering Sea for their survival. Above, Inupiat Eskimos take care of their bounty after a successful whale hunting expedition.¹

the waters and some fishing vessels began making annual trips north shortly thereafter. It was not until the middle of this century that large boats, all foreign, began fishing far offshore.

Until the late 1970s, little of the harvest from the Bering Sea itself was by Americans. Instead, foreign fleets from Europe and Asia harvested the fish and processed it aboard large floating processors. With the passage of the Magnuson Fishery Conservation and

Management Act (Magnuson Act) in 1976, the groundwork was laid for U.S. participation in the fisheries. The Act prioritized access to the resource. Fully domestic harvesting and processing operations were given first priority, followed by joint ventures (American vessels fishing for foreign floating processors), and finally foreign vessels. It took a decade for the domestic fleet to develop to the point that it could play a significant part in the fishery.

In 1979, only 615 metric tons or .05% of the 1.2 million mt Bering Sea harvest was domestically caught and processed. By 1988, all of the harvest (2.0 million mt) was by domestic vessels and 34% of the processing was conducted domestically. Finally, beginning in 1991, all of the harvest from U.S. waters of the Bering Sea was also processed domestically. The United States fishing industry had completely domesticated the Bering Sea fishery, however, most of the fleet was from ports thousands of miles to the south.

The vessels that participated in the pollock fisheries were predominantly based in Washington. They traveled north to the fishing grounds fully crewed and with processing workers who were typically imported from areas outside Alaska where wage rates were lower. Prosecuting the pollock fishery required large capital investments that were not practical for residents of western Alaska. The result was that most of the people living in the western Alaska communities on the shores of the Bering Sea had no viable means of participating in these fisheries.

¹ Picture obtained from Internet site of the University of Connecticut Libraries. www.lib.uconn.edu/ArcticCircle/CulturalViability/Inupiat/



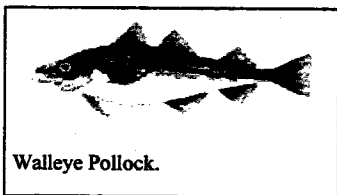
The swift transition from foreign to domestic fisheries resulted in an overcapitalized fleet. By 1989, it was apparent that there were too many vessels harvesting pollock. Fishing seasons that had previously lasted all year were measured in weeks or days. In response to a need to better manage the fishery, the North Pacific Fishery Management Council ("Council"), established by Congress through the Magnuson Act to develop fishery management plans, began investigating allocating pollock harvests between vessels delivering to shorebased processors and those processing at-sea.

On June 3, 1992, the U.S. Secretary of Commerce ("Secretary"), approved Amendment 18 to the Bering Sea and Aleutian Island (BSAI) Fishery Management Plan that allocated portions of the pollock harvest between the inshore and offshore processors. During the Council deliberations leading up to the amendment, 7.5% of the BSAI pollock harvest was dedicated to communities along the coastline of western Alaska. Of the remaining quota, the offshore sector was allocated 65% of the pollock fishery, with the onshore receiving 35%. When the amendment was approved, the Community Development Quota (CDQ) program became a reality.

CDQ Program Evolution

Pollock

The concept of CDQ's for western Alaskan communities was first discussed in the mid-1980s. In 1988, the Council considered CDQ's for sablefish longline fisheries. As part of that plan, an idea of allocating part of the total allowable catch directly to communities was developed. This would allow the community members access to the resource at their doorstep.



Walleye Pollock.

An unsuccessful attempt was made to inject a generic CDQ concept into federal fishery regulations in 1989.

In arguing for a CDQ program, the Council decided that CDQ's could be a viable means of spurring economic development in depressed western Alaska coastal communities without greatly impacting the existing fishing industry. Large shorebased and offshore trawl vessels capable of fishing far from land are needed to harvest pollock. None of the people along the Bering Sea coast owned such vessels and only a few communities had port facilities sufficient to handle them. Taken together with the generally poor economic conditions found throughout the region, the likelihood of local residents being able to participate in the pollock fishery without assistance seemed negligible. The opportunity to provide a diversified and stabilizing source of income to local residents and communities was appealing to many, including the State of Alaska. Although the debates and decisions necessary to reach a viable pollock allocation were intense, the CDQ program became an integral component of the overall management strategy adopted by the Council.



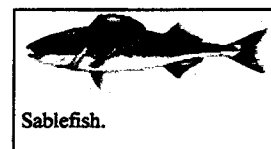
The allocation to CDQ groups was set at 7.5% of the overall pollock total allowable catch for the BSAI management areas. The initial pollock CDQ allocations were for two years, 1992 and 1993, with reallocations made for the 1994 and 1995 seasons. A second round of allocations were approved by the Council in 1995 for the years 1996-1998. The regulations to begin the program became effective on November 18, 1992, and were published in final form on November 23, 1992, at 50 CFR part 675. Corresponding State of Alaska emergency regulations were also published in late 1992.

Halibut and Sablefish

The Individual Fishing Quota (IFQ) program, approved by the Council in 1991, looked to divvy up the halibut and sablefish to established fishers based on historical catch. Part of that plan allocated a portion of the allowable catch to CDQs. Given its controversial nature, the IFQ program took many years to develop. By 1993, NMFS had established IFQ regulations and complementary halibut / sablefish CDQ regulation in 50 C.F.R. 676.24. After quota allocations were made in October, 1994, CDQ groups began fishing halibut and sablefish in 1995.

The percentage of quota set aside for halibut depends on management area and total allowable catch for that area. Table III-2 provides the halibut CDQs available by area and lists the total percentage of halibut those quotas yielded for 1995 - 97. The sablefish CDQ is taken from the hook & line quota with varying percentages based on management area. Table III-2 provides further information on the sablefish quota.

While NMFS originally published separate halibut/sablefish regulations, they have since been merged with existing pollock regulations into one set of CDQ regulations. The CDQ regulations are found in 50 CFR part 679.30. (Appendix I)



Groundfish and Crab

The Bering Sea commercial species available to the CDQ program came full circle in June, 1995, when the Council approved the License Limitation Program (LLP). The LLP was created to bring the groundfish fishery into order by assigning entry licenses to participants as a way to halt the number of entries into the fishery. A part of the LLP approved CDQs for all other fisheries resources managed under the Council's Bering Sea and Aleutian Island management plan. The LLP regulations have proven difficult to finalize. At the time of this report, LLP regulations with CDQ groundfish regulations have not been published, however, implementation of the CDQ groundfish program is expected in the near future.

Magnuson Act Revisions

In October of 1996, the U.S. Congress passed a revised Magnuson Act called the Magnuson-Stevens Fishery Conservation and Management Act ("Magnuson-Stevens Act").



This act approved Community Development Quotas for groundfish and crab under Fishery Management Plans (FMP's) in the Bering Sea and Aleutian Islands. This legislation put CDQs into law, ending concern over looming sunset dates.

Implementation of the CDQ Program

Agency Involvement

When the Secretary approved the CDQ program regulations in 1992, there were many important provisions that exist today. Much of the implementation of the CDQ program was delegated to the Governor of Alaska using a frameworked application and review process. The State was charged with full review of CDQ proposals and making allocation recommendations to the Secretary. The Secretary retained overall allocation decision authority, including the authority to modify any allocation at any time.

The federal and state governments have each added staff to respond to monitoring needs. Approximately five federal and three state full-time positions are dedicated to the CDQ administration as well as part-time assistance by staff from several agencies. The federal monitoring agency is the National Marine Fisheries Service (NMFS). Federal responsibilities include daily monitoring of catch, debriefing of fishery observers, writing regulations, and review of the overall program. As is the case in the open-access fishery, federal funds support the fishery management and allocation decision making process.

The State is responsible for the ongoing monitoring of each CDQ group's performance, ensuring compliance with CDQ plans and regulations, providing professional assistance, reviewing quarterly and annual reports, and participating in the allocation decision making process. To fulfill its role in the CDQ program, the state has implemented its own set of regulations under 6 AAC Chapter 93. (located in Appendix II). The Governor, through 6 AAC 93.915, has designated a three department "CDQ Team" composed of representatives from the departments of Community and Regional Affairs, Fish and Game, and Commerce and Economic Development. The State requires quarterly reports, conducts several meetings with each group annually, requires annual audit and compliance reports, and retains the right to conduct an internal audit and review of any CDQ group's accounts at any time. With this unique combination of multiple agency representation on state and federal levels, the CDQ program has developed a thorough regulatory environment viewed as essential for the successful implementation of the program. (Please see Appendix III for a chart that provides the various agencies, bodies and CDQ groups involved in the program.)

CDQ Fishery Monitoring

The CDQ organizations are attuned to the issue of bycatch waste, especially of salmon and herring, as these species are important to western Alaskans for both commercial and subsistence fishing. In contrast to the at-sea processors in the open access pollock fisheries who



are required to carry one authorized government observer, CDQ groups, in coordination with their harvesting partners, instituted new monitoring systems by having two authorized observers for 24 hour observation on their pollock trawls fisheries. Also, they began implementing methods to volumetrically measure all harvests. NMFS has since required this extra observer and measuring requirements.

CDQ monitoring and catch measurement methods in the groundfish fishery may one day be used as a basis for monitoring programs for the rest of the industry. The monitoring system proposed by NMFS for the newly approved multi-species CDQ program (see Groundfish and Crab) is very extensive. Virtually all CDQ fish harvested will be weighed and sampled. Every pound of species caught will be counted against the quota of the CDQ group. When an allocation quota for a species is reached, the CDQ group must refrain from engaging in any fishery that risks catching any fully harvested species for the rest of the fishing year.

Eligible Communities

In order to qualify for a CDQ allocation, an organization and its member communities must meet several criteria. The major criteria for community qualification consisted of:

- ✓ Location within 50 nautical miles of the Bering Sea.
- ✓ Native village as defined by the Alaska Native Land Claims Settlement Act
- ✓ Residents conduct over 50% of their current subsistence and commercial fishing effort in the waters of the Bering Sea.
- ✓ No previously developed harvesting or processing capacity sufficient to support substantial groundfish fisheries participation

Appendix IV provides a list of the eligible communities and their CDQ group. Membership of each CDQ group is composed of at least one representative from each member community. An appropriate governing body from each community joins a CDQ group by electing a representative from the community to the CDQ organization's Board of Directors. Three-quarters of the members of each Board are required to be either commercial or subsistence fishermen.

Application Process

As part of the CDQ program application process the CDQ Team establishes a schedule for the receipt of the applications, initial application evaluation, public hearings and final application review. Within a reasonable time before the beginning of the application period, the Team publishes a notice of the Community Development Plan (CDP) application schedule in at least one newspaper of general circulation in Western Alaska and one newspaper

Federal CDP Application

The CDQ Group's goals and objectives
Employment to be created
Existing fishing related infrastructure
Business and loan relationships
Presentation of a budget
Support from each participating community
Sufficient management and technical experience
Plan to prevent exceeding pollock quota



of general circulation in the state. The state also mails a copy of the notice to eligible communities. The application period is at minimum 14 days unless there is sufficient cause to shorten the duration.

The CDP application (*see insert*) is required to contain many items including a description of the goals and objectives of the CDP, the allocation requested, the length of time necessary to achieve these goals, the number of individuals expected to be employed and a description of vocational and educational training programs the CDP will generate. The CDP describes the existing fishery related infrastructure in the applicant's region and how the CDQ would use or enhance existing harvesting or processing capabilities, support facilities and human resources. The CDP is also required to include a description of how new capital or equity will be generated for the applicants fishing or processing operations; a plan and schedule for transition from reliance on the CDQ to self-sufficiency in fisheries; and a description of the short and long-term benefits to the applicant from the allocation.

Upon receipt of the CDP applications the CDQ Team performs an initial evaluation of the CDP to determine if it is complete and has the necessary information required under 6 AAC 93.025. A public hearing is then organized in accordance with federal regulations. After taking the CDP applications and public testimony into consideration, the governor's designees then selects those applications that they believe best satisfy the objectives, requirements, and criteria of the CDQ program and recommend those applications to the governor, who in turn evaluates the recommendations and makes the final recommendation to the Secretary of Commerce for approval.

1992 Pollock Allocation

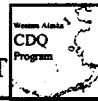
Organization of CDQ Groups

The initial application process in 1992 occurred during an extremely short time frame. During the last half of 1992, communities and fishermen's groups along the Bering Sea coast began to organize in response to pending CDQ regulations. A total of 55 communities were eligible and all held meetings to select fishermen representatives to serve on the board of directors.² As the summer drew to a close, the communities coalesced into six different applicant organizations. The groupings were self-determined and were based primarily on geographical proximity and cultural boundaries.

Industry Partners

A large part of the 1992/93 application process for CDQ groups involved locating and contracting with an industry partner and developing programs to utilize anticipated CDQ revenues. Each CDQ group found it necessary to contract with an established seafood company

² In 1996 the community of Akutan successfully petitioned itself into the CDQ program.

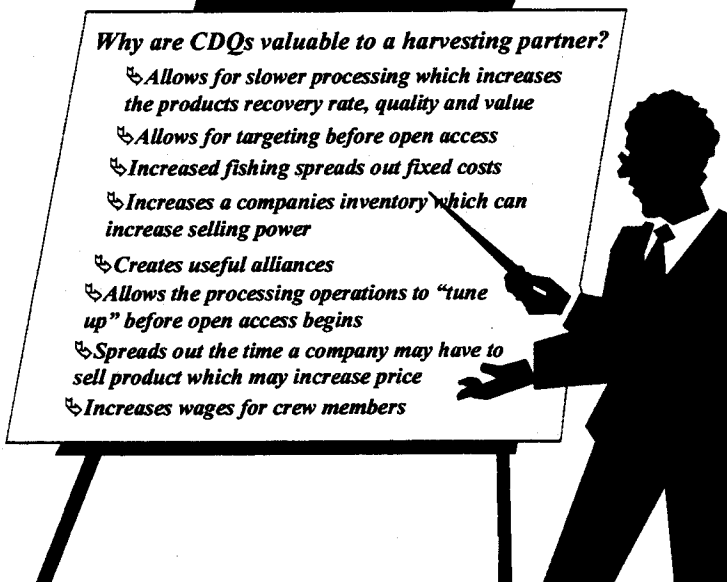


to make sure that the pollock would be harvested and processed. The concept of partnerships with industry participants was perceived as an excellent vehicle for joint venture investments. It also would facilitate an important transfer of skills and expertise in the seafood industry to the CDQ groups. It was hoped that the industry partners would contribute greatly to the entry of CDQ communities as successful participants in the Bering Sea fishing industry.

When pollock CDQs were imminent, a number of major pollock harvesters and processors investigated partnerships with potential CDQ recipients. Many CDQ groups engaged in a request for proposal (RFP) process that provided a variety of offers to choose from. Each industry proposal contained a different mix of payments, assistance with other regional fishing business ventures, and training and employment opportunities.

The industry partners were chosen by the CDQ groups based on which fishing company best fit the development goals of that group. Each of the six groups agreed to a specific price per metric ton for the

use of CDQ pollock or a base price plus some form of profit sharing. By the time the 1994/95 application process occurred, a steep decline in pollock prices had demonstrated the volatility of the pollock market. Several of the groups switched from a fixed fee to a base price and profit sharing. This was done both to provide a higher potential price to the CDQ groups and to protect the industry partners in the event of a continued pollock market collapse.



CDQ Organizations and their pollock industry partners

Since 1992, relationships between CDQ groups and their pollock harvesting partners have remained relatively stable with some changes. Figure III-1 documents these relationships over time.

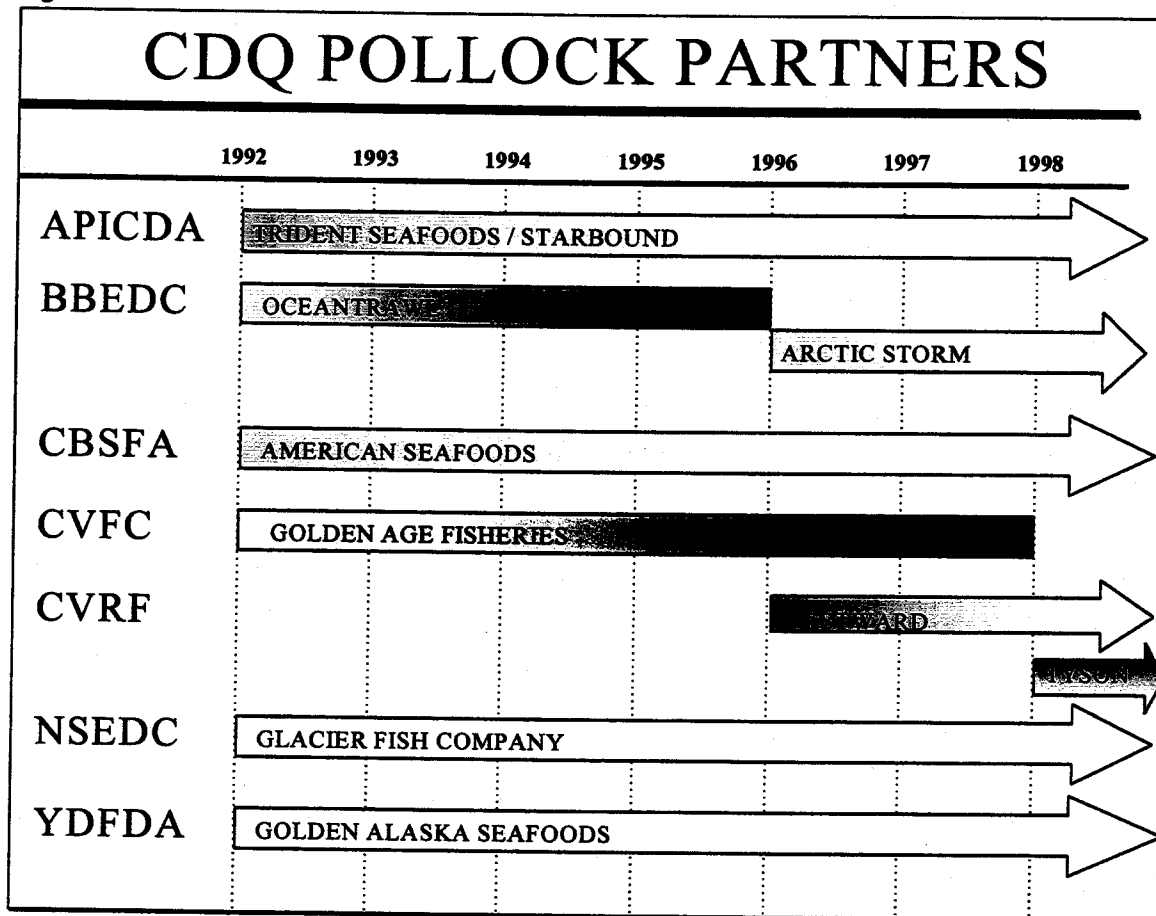
CDQ Allocations

To ensure the greatest benefit to the residents of the region, the allocation process is of a competitive nature with each group preparing a CDP that will provide substantial gain to their communities. Allocation decisions are based on the CDQ organization's CDP and their ability to implement and fulfill their goals. Other important criteria which lead to differing allocations



include: the number of residents represented, expressed needs, the soundness of the CDPs and past performance.

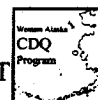
Figure III-1



The pollock allocations for 1992 and 1993 were made in late 1992. The 1994 and 1995 allocation process began in early 1993 and the Secretary made final allocations late in the year. The 1996-98 allocations were made in 1995. As indicated in Table III-1, the CDQ pollock allocations were adjusted in each application period.

Table III-1

Approved CDQ Allocations for pollock	1992 - 93	1994 - 95	1996 - 1998
APICDA	18%	18%	16%
BBEDC	20%	20%	20%
CBSFA	10%	8%	4%
CVFC	27%	27%	25%
NSEDC	20%	20%	22%
YDFDA	5%	7%	13%



Halibut and sablefish allocations for 1995 - 97, determined under the similar competitive process in 1994 are provided in Table III-2. State of Alaska recommended groundfish and crab allocations for 1998-2000 are provided on Table III-3.

Table III-2

1997 CDQ HALIBUT CATCH LIMIT (lbs):						
AREA	Total Catch Limit (lbs)	CDQ Catch Limit				
4B	3,480,000	696,000				
4C	1,160,000	580,000				
4D	1,160,000	348,000				
4E	260,000	260,000				
TOTAL	6,060,000	1,884,000				

QUOTA IN POUNDS AND METRIC TONS BY GROUP						
GROUP	% of Allocation	AREA	Quota/MT	Total Quota	Quota/lbs	Total Quota
AFA	100%	4B	316.22	316.22	696,000	696,000
BBEDC	23%	4D	36.37	71.80	80,040	158,040
	30%	4E	35.44		78,000	
CVFC	24%	4D	37.95	120.64	83,520	265,520
	70%	4E	82.69		182,000	
NSEDC	20%	4D	31.62	31.62	69,600	69,600
PIF	100%	4C	263.52	263.52	580,000	580,000
YDFDA	33%	4D	52.18	52.18	114,840	114,840
TOTAL				855.97		1,884,000

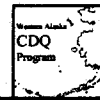
1997 CDQ SABLEFISH ALLOCATION				
	CDQ (lbs)		Metric tons	
Bering Sea (BS)	242,506	2201	110	
Aleutian Island (AI)	396,828	2201	180	
TOTAL	639,334		290	

QUOTA IN METRIC TONS (MT) BY GROUP						
GROUP	% of CDQ TAC	AREA	Quota/lbs	Total lbs	Quota/MT	Total Quota
APICDA	0%	BS	-	39,683	-	18
	10%	AI	39,683		18	
BBEDC	0%	BS	-	99,207	-	45
	25%	AI	99,207		45	
CVFC	0%	BS	-	99,207	-	45
	25%	AI	99,207		45	
NSEDC	25%	BS	60,627	179,675	28	82
	30%	AI	119,048		54	
YDFDA	75%	BS	181,880	221,562	83	101
	10%	AI	39,683		18	
TOTAL				639,334		290



State of Alaska Recommended Quota Allocations for the 1998 - 2000 Multi-Species Program
Table III-3

	APICDA Allocations	BBEDC Allocations	CBSFA Allocations	CVRF Allocations	NSEDC Allocations	YDFDA Allocations	TOTAL
Halibut							
4B	100%	0%	0%	0%	0%	0%	100%
4C	10%	0%	90%	0%	0%	0%	100%
4D	0%	23%	0%	24%	26%	27%	100%
4E	0%	30%	0%	70%	0%	0%	100%
Crab							
Bristol Bay Red King	20%	20%	0%	20%	20%	20%	100%
Norton Sound Red King	0%	0%	0%	0%	50%	50%	100%
Pribilof Red & Blue King	0%	0%	100%	0%	0%	0%	100%
St. Matthew Blue King	50%	12%	0%	12%	14%	12%	100%
Bering Sea C. Opilio Tanner	10%	19%	19%	17%	18%	17%	100%
Bering Sea C. Bairdi Tanner	10%	19%	19%	17%	18%	17%	100%
Sablefish & Turbot							
Sablefish, Hook & Line - AI	15%	20%	0%	30%	20%	15%	100%
Turbot - AI	18%	18%	5%	14%	26%	19%	100%
Sablefish, Hook & Line - BS	15%	22%	18%	0%	20%	25%	100%
Turbot - BS	16%	25%	14%	1%	20%	24%	100%
Pacific Cod	16%	20%	10%	17%	18%	19%	100%
Atka mackerel:							
Eastern	20%	17%	10%	17%	16%	20%	100%
Central	20%	17%	10%	17%	16%	20%	100%
Western	20%	17%	10%	17%	16%	20%	100%
Yellowfin sole	29%	25%	8%	5%	5%	28%	100%
Flatfish:							
Other Flats	20%	20%	10%	15%	15%	20%	100%
Rocksole	10%	20%	10%	20%	20%	20%	100%
Flathead	20%	20%	10%	15%	15%	20%	100%
Squid	19%	18%	10%	17%	16%	20%	100%
Other Species	19%	22%	9%	14%	14%	22%	100%
Other Rockfish							
O. Rockfish - BS	16%	20%	8%	18%	19%	19%	100%
O. Rockfish - AI	16%	20%	8%	18%	19%	19%	100%
Arrowtooth	19%	21%	9%	15%	15%	21%	100%
Pacific Ocean Perch Complex							
True POP - BS	20%	17%	10%	17%	16%	20%	100%
Other POP - BS	20%	17%	10%	17%	16%	20%	100%
True POP - AI:							
Eastern	20%	17%	10%	17%	16%	20%	100%
Central	20%	17%	10%	17%	16%	20%	100%
Western	20%	17%	10%	17%	16%	20%	100%
Sharp/Northern - AI	20%	17%	10%	17%	16%	20%	100%
Short/Rougheye - AI	17%	20%	9%	17%	18%	19%	100%
Sablefish, Trawl - AI	16%	20%	10%	17%	18%	19%	100%
Sablefish, Trawl - BS	16%	20%	10%	17%	18%	19%	100%
Prohibited Species Quota							
Halibut (mt)	20%	22%	8%	13%	14%	23%	100%
Herring (mt)	17%	17%	16%	17%	17%	16%	100%
Chinook salmon (#)	21%	21%	9%	13%	13%	23%	100%
Other salmon (#)	23%	23%	8%	11%	11%	24%	100%
C. Bairdi - Zone 1 (#)	24%	25%	7%	9%	9%	26%	100%
C. Bairdi - Zone 2 (#)	24%	25%	7%	9%	9%	26%	100%
Red King Crab (#)	19%	21%	9%	15%	15%	21%	100%



IV. DEVELOPMENT STRATEGIES OF CDQ GROUPS

Despite different organizational strategies (discussed in detail in Chapter V) all CDQ groups share the same mission of developing self-sufficient fishing economies in western Alaska. Just as the CDQ groups have developed starkly different organizational cultures, there are similar development strategies they all incorporate to achieve the program mission. This chapter will explore these strategies by looking at activities of the CDQ groups in the following categories: revenue generation, equity accumulation, vessel acquisitions, fisheries related community development, employment and training opportunities, fishing retention efforts and region outreach.

Revenue Generation

The most common component of any CDQ group/industry partner relationship is the CDQ royalty. In the valuable pollock industry, harvesting partners have been willing to pay handsomely for access to the quota. The same is true in the multi-species program, where the benefits from harvesting a quota have brought attractive offers from industry partners.

Figure IV-1

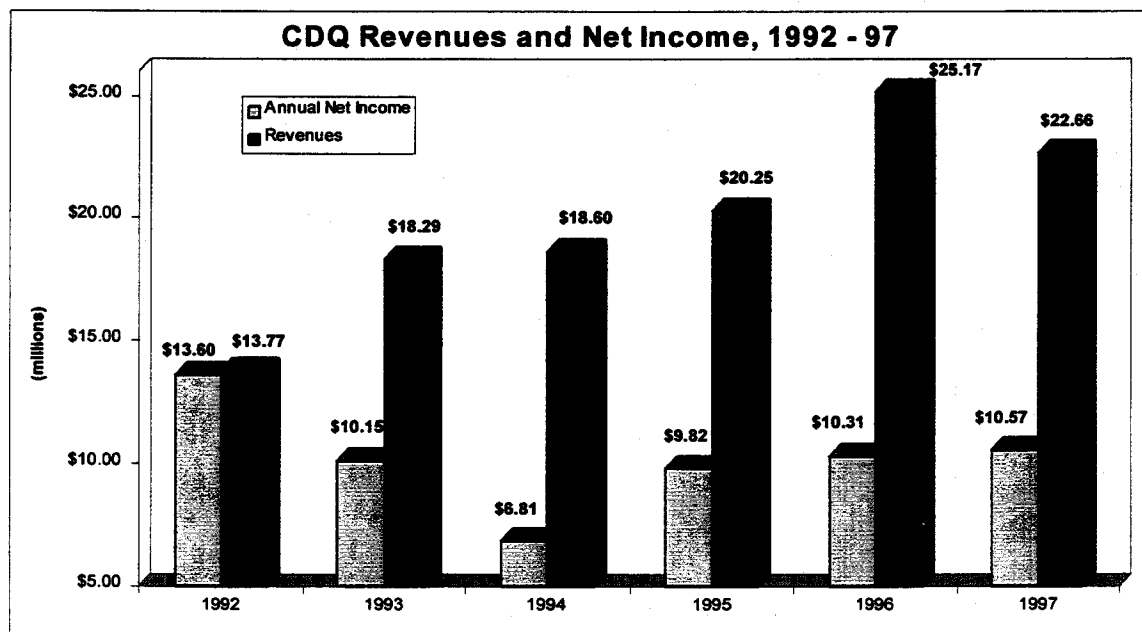


Figure IV-1 demonstrates the annual revenues and net income of the CDQ groups from 1992 through 1997.¹

¹ Revenues may include royalties, interest, and other income. 1997 data is unaudited.



Figure IV-1 highlights the aggregate revenue stream and corresponding net income for the CDQ program. Revenues have consistently been in excess of \$20 million in the past few years despite slight decreases in the pollock TAC. Better royalty arrangements and an increase in investment interest account for the consistent returns. Figure IV-1 further demonstrates the net income of the groups. Since 1993, groups have averaged a net income of 45% of revenues. This has developed considerable savings and investment capital for attractive investments as they appear in the future.

Equity Accumulation

One method to measure the performance of the CDQ program is to look at equity growth. Figure IV-2 shows that equity has increased an average of 37% annually since 1992, or just over \$10 million each year. This equity reflects assets in fishing vessels, on-shore projects, loan portfolios and IFQ holdings. The consistent increase in equity accumulation is evidence that the CDQ groups are working towards their mission of developing independent, self-sustaining fishing economies for their communities.

Figure IV-2

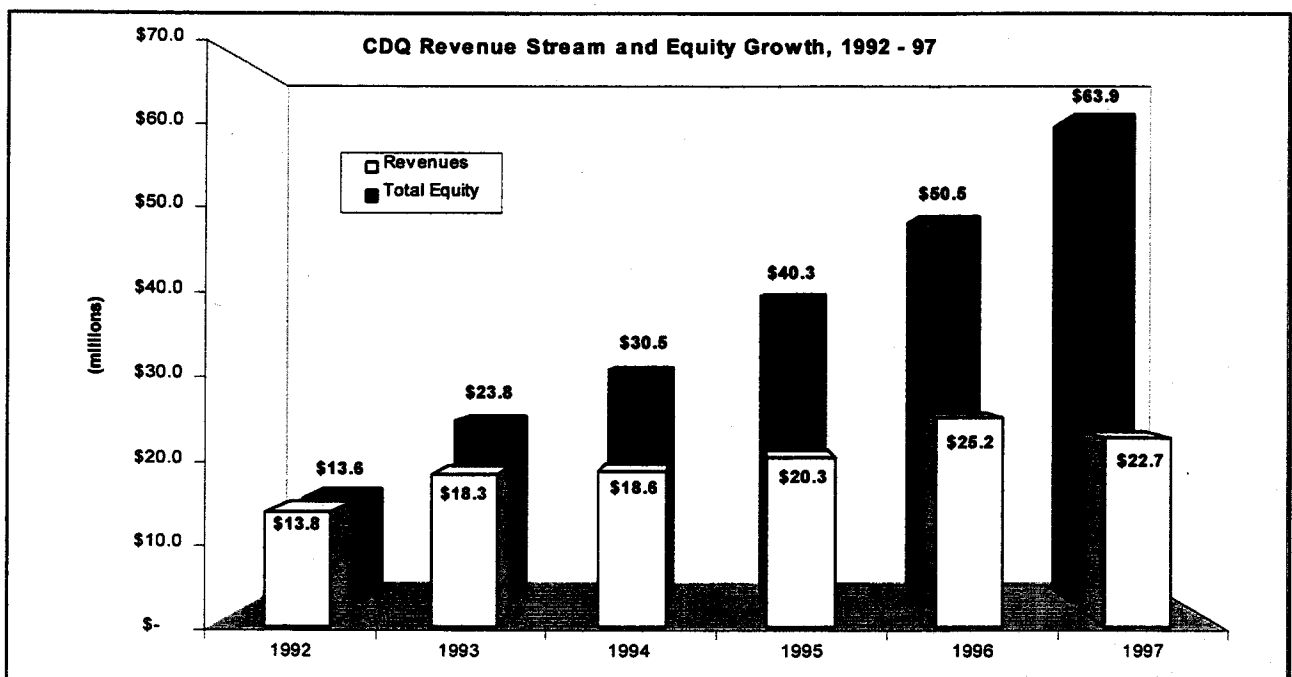


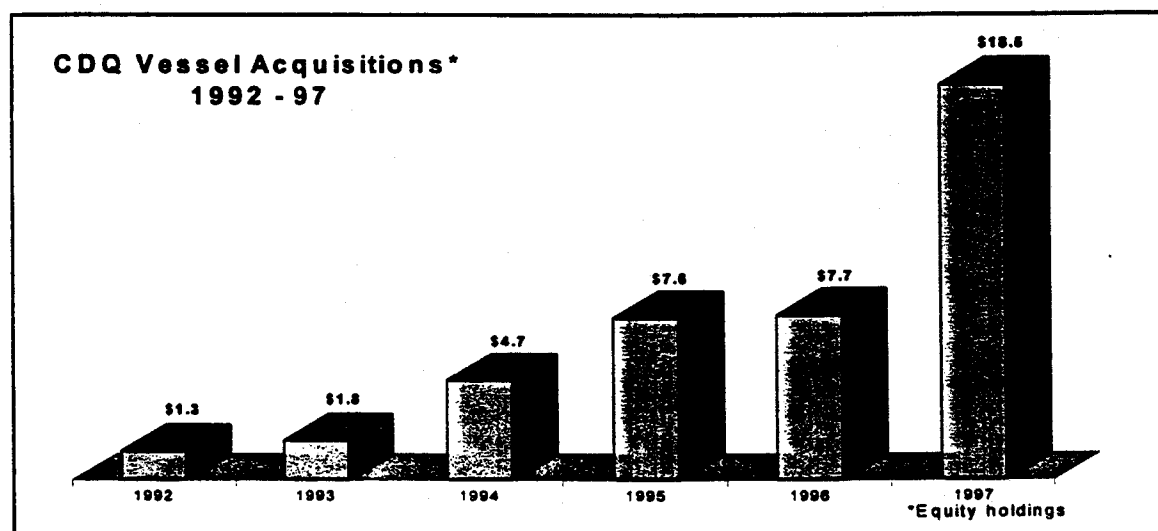
Figure IV-2 provides a glimpse of the total equity of the CDQ program and its consistent growth in the face of consistent revenues.



Vessel Acquisitions

One strategy every CDQ group has implemented to fulfill the CDQ mission is to become invested in the Bering Sea fishing fleet. Accumulated savings have provided important capital used in making these investments. Potential partners bring CDQ groups in as partners for various reasons including: available working capital, potential of future quota, and political alliances. Although the CDQ groups have quota available to them, it is an mandatory criteria that large vessel investments evidence themselves as

Table IV-3²



(in millions)

profitable without CDQ. Past events have shown that valuable quota should not be used to subsidize vessel investments.

Continued investment in the fishing industry is expected. Many of the acquisitions witnessed in 1997 were made as the CDQ groups geared up for the expanded species program. Development of this program has brought several new fisheries directly into the CDQ group's operations leading to investments in different fisheries.

Community Based Fisheries Development

Community based fisheries development is a very broad concept and the groups have pursued a wide range of development activities. There are many difficulties in developing profitable fisheries related investments in western Alaska. CDQ groups will continue to test various projects for feasibility. Engaging in locally based fisheries

² 1997 values are based on unaudited figures.



investments in order to develop community based fishery economies has been a primary strategy of almost all CDQ groups.

This development strategy has manifested itself in a form unanticipated by program originators. At odds with this strategy is a fundamental tenet of the program that investments must be profitable in order to achieve self sustainability. There are many barriers to developing a profitable community-based fishing economy in western Alaska. The CDQ groups must choose their shore-based community investments carefully and only after strategic planning are profitable investments commenced.

Barriers to Community Based Fishery Investments

The geographic landscape in much of western Alaska is not always hospitable to the Bering Sea fishing industry. Only in the Aleutian and Pribilof Islands can one consistently find friendly coastlines that allow for reasonable development of fishing infrastructure projects like docks and harbors. Proximity also plays a key role in fishing activities as the costs of distribution often makes seafood distribution/production prohibitively expensive in an industry controlled by global markets. Problems associated with high costs are further exacerbated by poor consolidation of resource supply. Finally, local experience in the fishing industry, although available, is not yet widespread enough to handle a huge push of local investments. None of these barriers are insurmountable, however in order to overcome them, the CDQ groups must work patiently and creatively.

The Current Face of Community Investments

CDQ groups are making communities investments and engaging in projects that speak to the mission of the CDQ program. Chapter V will take a group-by-group look at what each participant is doing in its region. Various types of fisheries related investments include:

- ✓ Loans for buying stations, processing facilities, value added seafood processors, and other profit generating operations;
- ✓ Boat and gear loan programs;
- ✓ Operating buying centers;
- ✓ Facilitating local fishing industry activity;
- ✓ Infrastructure projects that provide an opportunity for return in the future; and
- ✓ Direct capital contributions to community projects.

Given the varied nature of these investments, total expenditures are difficult to quantify. These investments represent CDQ group involvement at the community level and serve as a good start towards understanding fishing needs at the local levels and



exploring the best mechanisms for getting the benefits of the program to the community level.

Employment and training opportunities

Employment

One of the valuable attributes of the CDQ Program is the success the groups have had in securing career track employment opportunities for their residents. CDQ groups have assured community residents the opportunity to work. Relationships formed with harvesting partners have opened up employment opportunities for non-CDQ Alaskan residents as well. Appendix V provides detailed statistics on CDQ employment measured since the program began. As this data provides, by 1997 CDQ groups had over 200 people employed in pollock industry.

Figure IV-4 lists some of the types of work opportunities provided by CDQ groups. The list does not demonstrate the types of vessels work is available on, nor does it indicate the location of the job.

Figure IV-4

Types of Job Opportunities for CDQ Residents

- ♣ Work aboard harvesting vessels in various positions
- ♣ Internships with industry or government
- ♣ Local fishing facilitated by CDQ projects
- ♣ Work at processing facilities in CDQ communities and elsewhere
- ♣ Roe technician jobs following requisite training
- ♣ Administrative positions
- ♣ Construction jobs from local CDQ projects
- ♣ Field managers for various CDQ projects or businesses

Training

Training of residents is an important strategy for all of the CDQ groups. CDQ groups have recognized that for their regions to engage in sustained economic development and improve the standard of living of their communities, fisheries related education is paramount. The CDQ groups provide training for their residents based not only on the needs of the individual, but the needs of the community overall.



Below is a list of some of the training made available by the CDQ groups:

Higher Education

- Includes University and College

Vocational Education

- Aluminum Boat Fabrication
- Auto and Diesel Technology
- Biomedics Electronic Technician
- Business Management
- Carpenter
- Paralegal
- Power Plant Operation
- Seafood Industry Management

Technical Training

- Processing Workers
- Vessel Safety
- Fishing Training
- Computer Applications
- Electronic Navigation
- Equipment Operation
- Mechanics/Welding
- Grants Management
- Clerical
- EMS
- HAZWOP
- Marine Fire fighting
- Industrial Refrigeration
- HVAC

Argued as an essential way to promote a locally based fishery economy in the long run, CDQ groups have been actively providing training and educational opportunities for their residents. Appendix VI provides detailed statistics on CDQ training since 1993.

Fisheries Retention Activities

CDQ groups have actively pursued the acquisition and retention of limited access fishing permits and licenses within their region. As fishery management systems continue to move towards directed fishing harvest privileges through mechanisms like IFQ and limited entry permits, fishing activities quickly become marketable rights or assets. Fishermen who are having trouble making a living or are facing excessive debt, often choose to sell their right to fish. These actions are generally pursued to solve short term problems, but the long term consequences may prove even more problematic. Commonly the sale is to someone outside of the region. This is causing an outflow of fishing rights from western Alaska. Region residents are finding their ability to harvest fish in their backyards is diminishing. CDQ groups are looking to help fishermen help themselves by providing other alternatives for solving these short term problems and keeping the fishing rights in the region.

CDQ groups are providing services and programs that seek to address the problem. The most basic strategy finds CDQ groups actually purchasing shares of IFQ where allowable. Often a CDQ group will act as an intermediary for region residents by providing technical or financial backing in facilitating IFQ or permit retention. Some groups have developed loan or buy back programs for region residents to utilize in retaining fishing rights. One group has set up a permit brokerage to work directly with resident fishermen and government agencies such as the IRS to stem the outflow of

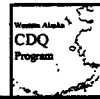


fishing rights. Although approaches may vary, each group has considered the problem and is working to remedy the situation.

Region Outreach

Region outreach is not a strategy that provides immediate returns, however it is believed necessary to inform community residents of the benefits of the program. Intended to be a community driven program, the CDQ groups need the energy and talents of region residents to elevate their corporate strategies in order to complete the CDQ mission. As this is a major priority, CDQ groups devote time and money towards informing their communities of activities and programs. The CDQ groups publish newsletters and other brochures for area wide distribution in their member communities. Staff frequently travel to the communities to meet with residents to inform them of opportunities, listen to new ideas and take note of their concerns. Difficulties in communicating the CDQ program to rural isolated communities in western Alaska cannot be understated. Education of the public is important and the CDQ groups have taken this as a means towards fulfilling the CDQ program mission.

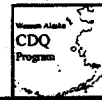




V. CDQ GROUPS AND ACTIVITIES

Chapter V reviews the CDQ organizations in some detail. Each section of the chapter will explore organizational goals and how existing conditions affect how the goals are implemented. Past, current and future projects are covered to provide specific information on how the groups have tried to achieve their goals. Each section concludes by looking at what direction each CDQ group plans to move in the next few years.





ALEUTIAN PRIBILOF ISLAND COMMUNITY DEVELOPMENT ASSOCIATION

Aleutian Pribilof Island Community Development Association (APICDA) represents the six communities of Akutan, Atka, False Pass, Nelson Lagoon, Nikolski and St. George. Their pollock partners are Starbound and Trident Seafoods, Inc. APICDA received 18% of the total CDQ pollock allocation in 1992 - 1995 and 16% in 1996-98.

Goals

According to the Community Development Plan submitted by APICDA, its major goals are as follows:

- 1. Provide capital for construction and investment to facilitate community participation in Bering Sea/Aleutian Islands fisheries.**
- 2. Provide and promote employment and educational opportunities for local residents in all aspects of the Bering Sea/Aleutian islands fisheries.**
- 3. To become a self-sustaining entity that will foster continued development, participation and stability for the regions communities and their residents.**

APICDA is one of two groups with its member communities strategically located in the Aleutian Island/Bering Sea region. To take advantage of this, APICDA has aggressively pursued infrastructure related investments in most of its communities. While pursuing these community projects, APICDA has created a sophisticated corporate structure that has committed significant resources to various fishing vessel investments.

APICDA Corporate Structure

Management and policy decisions are made by the Board of Directors. APICDA is led by an Executive Director and necessary support staff. APICDA offices are located in Juneau, Alaska. APICDA has created a wholly owned, for-profit subsidiary called APICDA Joint Ventures (AJV). AJV in turn owns another for-profit subsidiary called APICDA Vessels, Inc. (AVI). These two entities function to house community based projects and fishing vessel investments. APICDA contracts with Pacific Associates to administer many of its projects.



Vessel Acquisitions

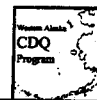
APICDA has acquired or is planning to acquire the following fishing vessels.

<u>Vessel</u>	<u>% of Ownership</u>	<u>Description</u>
F/V Golden Dawn	25%	• The Golden Dawn is a 148 foot pollock catcher vessel operated by Trident Seafoods.
F/V Ocean Prowler	25%	• The Ocean Prowler is a 155 foot longline processing vessel.
F/V Prowler	25%	• The Prowler is a 115 foot longline processing vessel.
F/V Stardust	100%	• The Stardust is a versatile 58 foot longline/crab vessel.
F/V Bonanza	100%	• The Bonanza is a versatile 58 foot longline/crab vessel.
AP #1 AP #2 AP #3	100%	• Built in 1994, APICDA has three 32 foot longline vessels that operate out of Atka in the halibut fishery. APICDA has another 26 foot longline vessel in Atka.
Grand Aleutian	100%	• The Grand Aleutian is a 32 foot sports fishing charter vessel working out of Dutch Harbor.
F/V Rebecca B.	40%	• The Rebecca B was a longline processing vessel owned in a partnership with YDFDA. The vessel ran aground in 1996 and was destroyed.
Crabber	Undetermined	• APICDA plans on entering into a joint venture for a crabber vessel.

Community Based Fisheries Development Projects

APICDA has worked on or is considering the following community based fisheries development projects.

<u>Project Title</u>	<u>Community</u>	<u>Description</u>
St. George Dredging	St. George	• In 1993, APICDA contributed to a project to dredge Zapadni Bay Harbor.
False Pass Dock improvements	False Pass	• In 1993, APICDA contributed funds for the extension of water and sewer services to the False Pass dock.
False Pass Gear Storage	False Pass	• Starting in 1993, APICDA has constructed a gear storage facility in False Pass intended to service salmon fishermen in the area.
Atka Pride Seafoods	Atka	• In a 50/50% joint venture with Atka Fishermen's Association, APICDA has provided vital capital to renovate a halibut processing plant. (see insert)
Nelson Lagoon Dock	Nelson Lagoon	• In 1995, APICDA constructed a dock in Nelson Lagoon.



<u>Project Title</u>	<u>Community</u>	<u>Description</u>
False Pass Harbor Improvements	False Pass	• Assisted in funding a boat launch ramp in 1996
Kayux, Inc.	St. George	• Starting in 1996, Kayux, a 50/50% joint venture between the APICDA and St. George Tanaq Corporation (local native corporation), is a harbor development project intended to attract seafood processors to the area.
Atka Dock Facility	Atka	• Built in 1997 in concert with federal and state funds, APICDA has coordinated the construction of a large dock with requisite facilities and a transient camp, located adjacent to Atka. APICDA is trying to make Atka a commercial center for the Bering Sea fishery.
Nelson Lagoon Gear Storage	Nelson Lagoon	• Starting in 1997, APICDA has constructed a gear storage facility in Nelson Lagoon intended to service salmon fishermen in the area.
Processing facilities	various	• APICDA plans to research and evaluate the possibility of processing facilities in several of its communities. If the evaluations shows the plants to be profitable, APICDA will begin development.

Other Fisheries Development Projects

APICDA has worked on or is considering the following fisheries development projects.

<u>Project Title</u>	<u>Description</u>
Product Diversification Program	• In partnership with Trident/Starbound, this program looks to develop new products with pollock and other CDQ species.
IFQ Fund	• APICDA puts aside funds for loans to residents who want to purchase IFQ.
IFQ Purchases	• APICDA has purchased several thousand shares of halibut and sablefish IFQ.
Ocean Logic, L.L.C.	• In partnership with YDFDA, Ocean Logic is a software development project intended for use aboard fishing vessels in order to track and manage harvest data.

Employment

Management

APICDA has worked to fold people from the region into management positions. The current Executive Director, John Moller, was formerly a crab fishermen from the Aleut community of Unalaska. APICDA employs a Human Resource director in Unalaska to coordinate hiring and training activities in the region. Further outreach is accomplished by Community Liaison Officers (CLO) in each village. The CLO's tasks



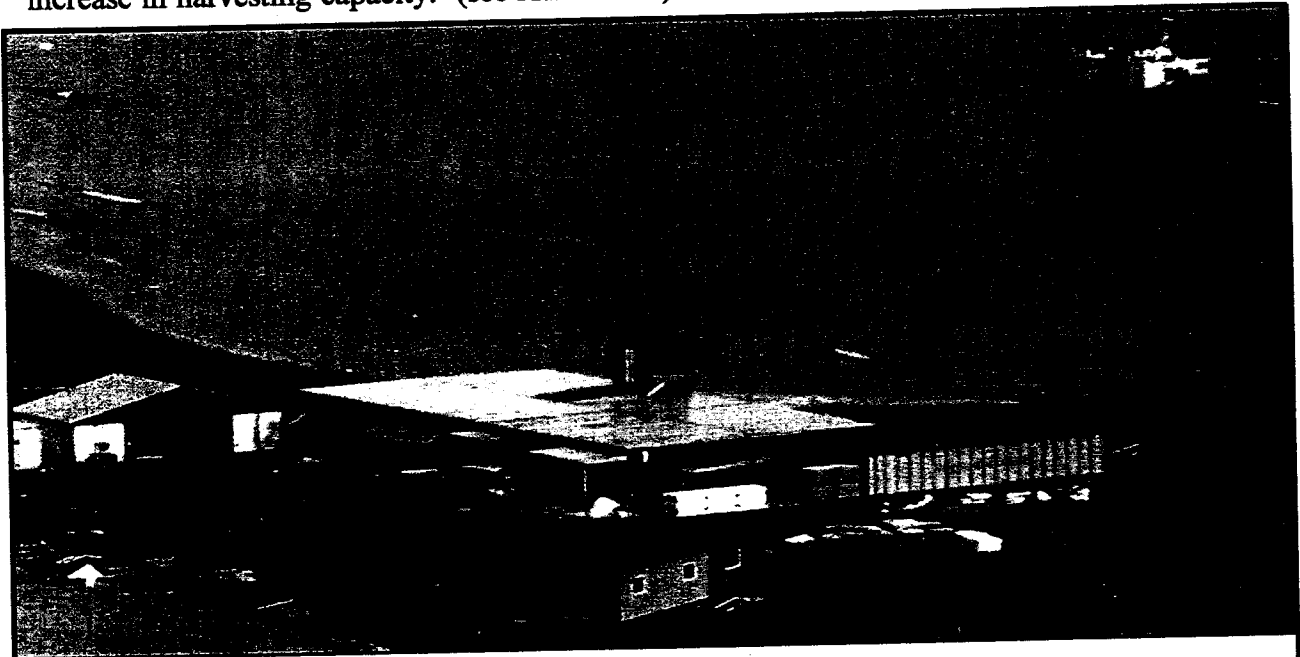
include survey development, serving as a community contact, and facilitating training and employment efforts at the community level.

Pollock Employment

Trident/Starbound offers a preferential hire program for residents of APICDA's region. They also provide training when needed and are investigating the establishment of a shoreside training program.

Other Fishing Employment

A great deal of APICDA's reported employment in this category comes from the activities that have occurred in Atka with the development of the processing facility and increase in harvesting capacity. (see Atka insert) Other fisheries related work has come

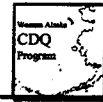


Atka Pride Seafoods (APS), a halibut processing plant nestled next to the community of Atka and inside the protective waters of Nazan Bay, has become a model of CDQ development. Combining revenues from CDQ pollock royalties and actual CDQ halibut, APICDA has assisted residents in creating a self-sufficient business that employs almost half of the community.

APICDA has brought progressively larger vessels into the community for resident fishermen to use under lease arrangements. From 1994 - 1997, Atka halibut fishermen have increased their harvesting capacity from 150,000 lbs to 420,000 lbs. Aided by an increasing halibut TAC in Area 4B, Atka fishermen continue to increase the volume of fish going into APS.

Although constructed in 1980's, the plant fell into ruin and disrepair without necessary financing. With APICDA's help since 1994, the plant has been revitalized. As the volume of fish flowing through the plant increases, renovations aimed at increasing freezer capacity, changing working conditions, and lowering costs begin to demonstrate that a properly managed plant in western Alaska can turn a profit.

When adding up fishermen, baiters, and plant workers, there are over 40 people employed because of the operations of the plant. This is almost half of the community.



from employment opportunities made available through sablefish arrangements APICDA has with larger vessels.

Other Employment

Given APICDA's penchant towards infrastructure projects, there has been a considerable number of construction jobs available for community residents. There has also been employment stemming from plant renovations in Atka and various services related to the operations and maintenance of other APICDA projects, such as the gear storage facilities.

Training

APICDA's training program strives to provide meaningful employment and training opportunities by ensuring that all residents of APICDA communities fully understand the program. APICDA does this through its community liaison officers in each community. APICDA has also dedicated money to create an Education Endowment Fund, intended to fund scholarships for region residents in perpetuity. APICDA currently provides scholarships for collegiate and vocational students.

What's Next?

Given its geographic advantages, APICDA has been a strong proponent of on-shore development. APICDA is planning to set up fish processing plants in a number of its communities. This lack of fisheries infrastructure highlights the lack of employment and economic opportunities that exist in APICDA's region.

While Atka is finding regeneration from the CDQ program, the community of Nikolski is facing a slow demise. Evidence of Nikolski's dilemma is demonstrated by noting there is only one student in its school system.¹ With the absence of youth in Nikolski, it is literally a dying community. Residents wish to maintain their way of life, but with no economic development, there is little to attract former residents who have moved away. Economic opportunities are negligible for the community and the CDQ program may be the last hope.

¹ Data retrieved from the Department of Community & Regional Affairs, Community Database, prepared by Municipal & Regional Assistance Division, Research & Analysis.



BRISTOL BAY ECONOMIC DEVELOPMENT CORPORATION

Bristol Bay Economic Development Corporation (BBEDC) represents the thirteen communities of Aleknagik, Clark's Point, Dillingham, Egegik, Ekuk, Manokotak, Naknek, King Salmon, South Naknek, Togiak, Twin Hills, Pilot Point, Ugashik and Port Heiden. From 1992-95 their industry partner was Oceantrawl, Inc. BBEDC received 20% of the total CDQ pollock allocation. In 1996-98 they changed their partner to Arctic Storm and continued to receive 20% of the pollock allocation.

Goals

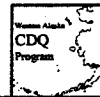
According to the Community Development Plan submitted by BBEDC, the major goals of BBEDC are as follows:

- 1. Increase and improve the quality of employment opportunities.**
- 2. Develop long term employment opportunities and job diversification by funding vocational and academic scholarships.**
- 3. Strengthen and expand the region's fisheries industry.**

BBEDC has followed a conservative approach to fisheries investments. Starting in 1992, the group created a fund intended to serve as a source of financing if the program sunset in 1995. With the placement of the CDQ program in perpetuity through the Magnuson-Stevens Act, BBEDC has begun aggressively investing in many fishery related businesses and investments. With an eye towards self-sustaining projects, BBEDC is beginning to look at funding local development projects.

BBEDC Corporate Structure

BBEDC is managed by its Board of Directors. The home office is located in Dillingham, with government and research support in Juneau and Seattle. BBEDC has shifted several subsidiary activities in-house as they continue to refine their corporate structure. With a large liquid asset holding, BBEDC works with several investment analysts to manage its cash assets.



Vessel Acquisitions

BBEDC has acquired or is planning to acquire the following fishing vessels.

<u>Vessel</u>	<u>% of Ownership</u>	<u>Description</u>
F/T Arctic Fjord	20%	• The Arctic Fjord is a 270 foot factory trawler. Managed by partner Arctic Storm, the vessel harvests pollock and other groundfish.
F/V Bristol Leader	50%	• The Bristol Leader is a 167 foot freezer longliner. It is co-owned by Alaskan Leader Fisheries. It will harvest CDQ cod, halibut and sablefish.
F/V Bristol Mariner	45%	• The Bristol Mariner is a 125 foot crab harvesting vessel. It is co-owned by Kaldestad Fisheries.
F/V Nordic Mariner	45%	• The Nordic Mariner is a 121 foot crab harvesting vessel. It is co-owned by Kaldestad Fisheries.
H/G Trawl Vessel	Undetermined	• BBEDC may choose to make an investment in a head and gut trawl vessel through the upcoming expanded species program.
Longline Vessel	Undetermined	• BBEDC may choose to make an investment in another longline vessel to assist in harvesting CDQ.
Pollock Factory Trawl Vessel	Undetermined	• BBEDC may invest in Arctic Storm's other pollock harvest vessel, the F/T Arctic Storm.

Community Based Fisheries Development Projects

BBEDC has worked on or is considering the following community-based fisheries development projects.

<u>Project Title</u>	<u>Community</u>	<u>Description</u>
Regional Business Development	Available to all	• BBEDC will set aside funds to assist in testing a project's feasibility and potential implementation.
Halibut fisheries	various	• BBEDC provided harvest management services for the region's CDQ halibut fisheries.
Regional Infrastructure Development	Available to all	• BBEDC will set aside of funds for a regionally coordinated effort to add to Bristol Bay's fishing infrastructure.



Other Fisheries Development Projects

BBEDC has worked on or is considering the following fisheries development projects.

<u>Project Title</u>	<u>Description</u>
Permit Retention and Brokerage	• Since 1993, BBEDC has devoted staff and funds to assist region fishermen in keeping or acquiring their fishing permits.
Arctic Clam project	• BBEDC is researching the Arctic Clam fishery as a possible investment in the future.
IFQ Purchases	• BBEDC has made a substantial investment in sablefish and halibut IFQ shares for the Bering Sea and Gulf of Alaska.
Alaska Seafood Investment Fund	• BBEDC has established the Alaska Seafood Investment Fund (ASIF) to make investments in Alaskan seafood businesses. These investments will be made outside of Bristol Bay's fully developed sockeye salmon and herring fisheries.
Regional Fisheries Development Planning and Assistance	• This project identifies and tests the feasibility of fisheries related economic projects.
Regional Fisheries Surveys and Test Fishing	• BBEDC will have an ongoing agenda item to thoroughly survey the Bristol Bay waters to test the feasibility of new fisheries.
Sea State	• In coordination with 3 other CDQ groups, BBEDC is developing a real time data tracking and catch accounting system to use during the CDQ fishery.

Employment

Management

BBEDC's Executive Director is Judith Nelson, a 30 year region resident. Ms. Nelson is supported by a staff that includes an employment and training coordinator, a permit broker, and a fisheries investment analyst. BBEDC continues to maintain an office in Juneau.

Pollock Employment

Through their new pollock partner, Arctic Storm, working in the pollock industry has proved enticing for BBEDC residents. BBEDC has noted a tremendous growth in the number of advanced positions by residents from 1996 to 1997.



Other Fishing Employment

BBEDC has facilitated the fishing activities of halibut fishermen for the harvests of the Area 4E. There are also employment opportunities available from BBEDC's longline vessel partnership and associated with the harvest of their CDQ and IFQ.

Other Employment

BBEDC has developed an extensive internship program offering opportunities with harvesting partners, government agencies, and its own administrative offices.

Training

BBEDC concentrates on basic vocational training to develop human resources in a broad and diverse context. They have devoted considerable resources for adult basic education, while funding advanced vocational training. In coordination with the Bristol Bay Native Association, BBEDC makes \$60,000 available for scholarships for area wide residents.

What's Next?

BBEDC has shifted its corporate philosophy within the last year. Before the Magnuson-Stevens Act was passed, BBEDC took a conservative approach that set aside pollock royalties to create a fund that would support limited CDQ activities in perpetuity. With the passage of the Magnuson-Stevens Act and the advent of the expanded species program, BBEDC has pledged to open its operations to more community based fishery development. BBEDC will provide funding for those fisheries related business that evidence profitability and those infrastructure projects that are developed in a rational, coordinated manner.



CENTRAL BERING SEA FISHERMEN'S ASSOCIATION

Central Bering Sea Fishermen's Association (CBSFA) represents the community of St. Paul. CBSFA was allocated 10% of the total pollock CDQ allocation for the 1992/93 season, 8% for the 1994/95 season and 4% in 1996-98. American Seafoods has been CBSFA's pollock partner since 1992.

Goals

According to CBSFA's Community Development Plan, the major development goals are as follows:

- 1. Maintain corporate initiatives and practices.**
- 2. Diversify investment in Bering Sea fisheries.**
- 3. Increase Alaskan employment in seafood industry.**
- 4. Prepare residents of St. Paul to participate in the Bering Sea fisheries.**

CBSFA represents the community of St. Paul which is strategically located on the northern most Pribilof Island. CBSFA has committed its attention to working with other island entities to improve the harbor on the island. The harbor is intended to attract further on-shore investment and strengthen St. Paul's ability to serve the Bering Sea fishing industry. While pursuing the larger harbor, CBSFA has focused considerable attention on expanding the small boat fleet.

CBSFA's Corporate Structure

Central Bering Sea Fishermen's Association is managed by the Board of Directors. CBSFA's President acts as the general manager of CBSFA. CBSFA's main office is located in Anchorage, with another office in St. Paul. For its profitable activities, CBSFA has a for-profit subsidiary called Central Bering Sea Fishermen's Corporation (CBSFC).



Vessel Acquisitions

CBSFA has acquired or is planning to acquire the following fishing vessels.

<u>Vessel</u>	<u>% of Ownership</u>	<u>Description</u>
F/V Zolotoi	20%	• Purchased in 1994, the Zolotoi is a 98 foot crab vessel.
Longline Vessel	Undetermined	• Through the expanded species program, CBSFA intends to invest in a longline vessel.
Crab Harvesting Vessel	Undetermined	• Through the expanded species program, CBSFA intends to invest in a crab harvesting vessel.
Crab Processing Facility	Undetermined	• Through the expanded species program, CBSFA intends to invest in a crab processing facility.

Community Based Fisheries Development Projects

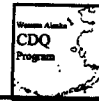
CBSFA has worked on or is considering the following community based fisheries development projects.

<u>Project Title</u>	<u>Community</u>	<u>Description</u>
Harbor Dredging	St. Paul	• Starting in 1994, CBSFA performed dredging activities in the harbor area.
Small Dock Moorage	St. Paul	• CBSFA has maintained and funded a small dock used to moor the small vessel fleet during the halibut fishery.
Harbor Development	St. Paul	• CBSFA is participating in the harbor development project in coordination with the Army Corps of Engineers, TDX (local native corporation) and the City of St. Paul.
Small Boat Harbor	St. Paul	• As a component of the larger harbor, CBSFA is planning to build a permanent boat harbor for its halibut fleet.

Other Fisheries Development Projects

CBSFA has worked on or is considering the following fisheries development projects.

<u>Project Title</u>	<u>Description</u>
Impact Fund	• CBSFA has set aside a small impact fund used to support cultural activities.



<u>Project Title</u>	<u>Description</u>
Revolving Loan Program	<ul style="list-style-type: none">• Since 1993, CBSFA has operated a revolving loan program established to provide boat and gear loans to resident fishermen.
Sea State	<ul style="list-style-type: none">• In coordination with 3 other CDQ groups, CBSFA is developing a real time data tracking and catch accounting system to use during the CDQ fishery.

Employment

Management

CBSFA maintains a small staff to oversee activities on and off the island. The group is headed by Carl Merculief, President of the Board. He is assisted by a business manager and clerical staff in Anchorage. CBSFA has a staff member on St. Paul who coordinates activities there.

Pollock Employment

American Seafoods has consistently provided CBSFA with employment opportunities. When CBSFA is unable to fill all of the positions, other CDQ residents and Alaskans have taken up the slack.

Other Fishing Employment

From 1995 - 97, Pribilof Island Fishermen (PIF included fishermen from St. George and St. Paul), were able to cheaply manage the harvest, avoid glaring overages, and directly extend benefits of the quota to local residents. Employment from this organization was very good. PIF disbanded at the end of 1997.

Other Employment

CBSFA has been providing intern positions to interested residents. With the harbor dredging and St. Paul construction projects, CBSFA has provided employment unrelated to direct fishing.

Training

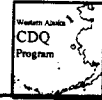
CBSFA has dedicated money to a scholarship fund for St. Paul Island students accepted to institutions of higher education. To date, four residents have graduated with many more attending classes. CBSFA also makes funds available for residents to obtain vocational or technical training in any field related to development of a fishery economy



on St. Paul Island. CBSFC operates a student loan program that rewards successful students by deferring portions of the loan if graduation is achieved.

What's Next?

CBSFA has had a tumultuous past. It is a goal of the current management to create a strong, reliable administrative office to press forward with key development projects. According to CBSFA, the harbor development project that would include building a small boat harbor for the St. Paul halibut fishermen is most important. The costs associated with building this harbor are reportedly as high as \$14 million. Even with funding from different levels of government, CBSFA will still need to make a strong contribution. By providing another shoreside servicing center in the Bering Sea to compete with Dutch harbor, pollock quota directed at CBSFA has the potential to provide benefits to the entire Bering Sea fishing fleet.



COASTAL VILLAGES REGION FUND

Coastal Villages Region Fund (CVRF) represents the communities of Cherfornak, Chevak, Eek, Goodnews Bay, Hooper Bay, Kipnuk, Kongiganak, Kwigillingok, Mekoryuk, Newtok, Nightmute, Platinum, Quinhagak, Scammon Bay, Tooksook Bay, Tuntutuliak, and Tununak. From 1992 - 97, Coastal Villages Fishing Cooperative (CVFC) applied for pollock quota, receiving 27% in 1992 - 95 and 18% in 1996-97.¹ From 1992 - 97 CVFC's pollock partner was Golden Age Fisheries. Coastal Villages Region Fund received 7% of the 1996 - 98 quota. From 1996 - 98, CVRF's pollock partners have been Westward Seafoods and Tyson Seafoods (1998). CVRF now receives 25% of the pollock allocation for 1998.

Goals

According to the Community Development Plan submitted by CVRF, its major goals are as follows:

- 1. To improve the social conditions for the Coastal Villages region by creating human resources programs that provide entry-level employment and advancement, a wide range of training programs, scholarships, internships, and apprenticeships that will be self-sustaining over time.**
- 2. To enter into the Bering Sea and Aleutian Islands groundfish and crab fisheries as an active participant on a similar basis to other sectors of the fishing industry.**
- 3. To develop the fisheries resources of the Coastal Villages region to the maximum extent economically feasible given the limited nature of the local resources available and their relatively low value.**

CVRF's communities are among the more disadvantaged in the CDQ program. Set in the heart of the Kuskokwim delta, CVRF communities, are poorly located to engage in the current Bering Sea fisheries. Having some of the more remote communities in the CDQ program, CVRF has devoting considerable attention to the personal needs of its residents as they make adjustments to working conditions outside of their normal environment.

¹ Following the complete dissolution of the Imapiqamiut Partnership (see insert on page 43), CVFC plans to dissolve.



CVRF Corporate Structure

CVRF is managed by its Board of Directors. CVRF is undergoing a major restructuring of its management structure. There will be primary offices in Anchorage and Bethel. There will continue to be a regional office in Chevak and employment and training coaches in several villages. CVRF has a for-profit subsidiary, Angyat, that houses its for-profit ventures.

Vessel Acquisitions

CVRF has acquired or is planning to acquire the following fishing vessels.

<u>Vessel</u>	<u>% of Ownership</u>	<u>Description</u>
F/T Browns Point	dissolved	• From 1992 - 1998, the Browns Point was owned 50/50% by CVFC and Simonson IV through the Imapiqamiut Partnership. (see insert)
F/V Ocean Harvester	45%	• The Ocean Harvester is a 72 foot longline vessel.
Crab Vessel	Undetermined	• Through the expanded species program, CVRF intends to invest in a crab vessel.
Head & Gut Vessel	Undetermined	• Through the expanded species program, CVRF intends to invest in a head and gut vessel.
Factory Trawl Vessel	Undetermined	• CVRF plans to invest in a pollock factory trawl vessel should an opportunity arise.
Longline vessel	Undetermined	• Through the expanded species program, CVRF intends to invest in a longline vessel.

Community Based Fisheries Development Projects

CVRF has worked on or is considering the following community based fishery development projects.

<u>Project Title</u>	<u>Community</u>	<u>Description</u>
Coastal Villages Fisheries	Bethel	• Through the IP, both partners set up a processing facility on the Kuskokwim in 1993. The fishery was not profitable enough to continue.
Funding of halibut processing plants	Toksook Bay, Tununak, Mekoryuk, Chevak	• Since 1994, CVRF has provided small loans for working capital to halibut processing facilities.
Kuskokwim processing facility	Bethel	• If it proves feasible, CVRF will consider another salmon processing operation near Bethel.
Quinhagak salmon processing plan	Quinhagak	• If it proves feasible, CVRF will consider funding renovations to a Quinhagak salmon processing plant.



Other Fisheries Development Projects

CVRF has worked on or is considering the following community based fishery development projects.

<u>Project Title</u>	<u>Description</u>
Coastal Village Investment Fund	• With tax set asides from the IP, CVIF is intended to provide capital for new economic activity in the region.
IFQ Assistance	• CVRF has assisted region residents in securing IFQs.
Revolving Loan Fund	• In conjunction with YDFDA and Alaska Village Council Presidents, CVRF contributes funds for boat and gear loans.
Sea State	• In coordination with 3 other CDQ groups, CVRF is developing a real time data tracking and catch accounting system to use during the CDQ fishery.
4-SITE Program	• This program is a comprehensive training and employment program that seeks to address the qualities of residents when placing them in a position for career advancement.
Salmon Roe University	• CVRF contracts with Sheldon Jackson University to provide residents with roe technician instruction.
Tax and Permit Assistance Program	• CVRF works to preserve fishing permits in the region.

Employment

Management

CVRF employs Norman Cohen as its Executive Director. Currently this office is housed in Juneau, but will move to Anchorage by 1999. In Anchorage, CVRF is supported by a Finance Officer/Controller and staff. The Bethel office employs the training and employment facilitators. CVRF uses numerous coaches throughout the region to assist residents in getting involved in the program.

Pollock Employment

CVRF has developed solid relationships with its pollock partners and has put many residents to work. Residents may choose onshore or offshore employment with partners Westward and Tyson Seafoods, as well as other pollock companies.



Other Fishing Employment

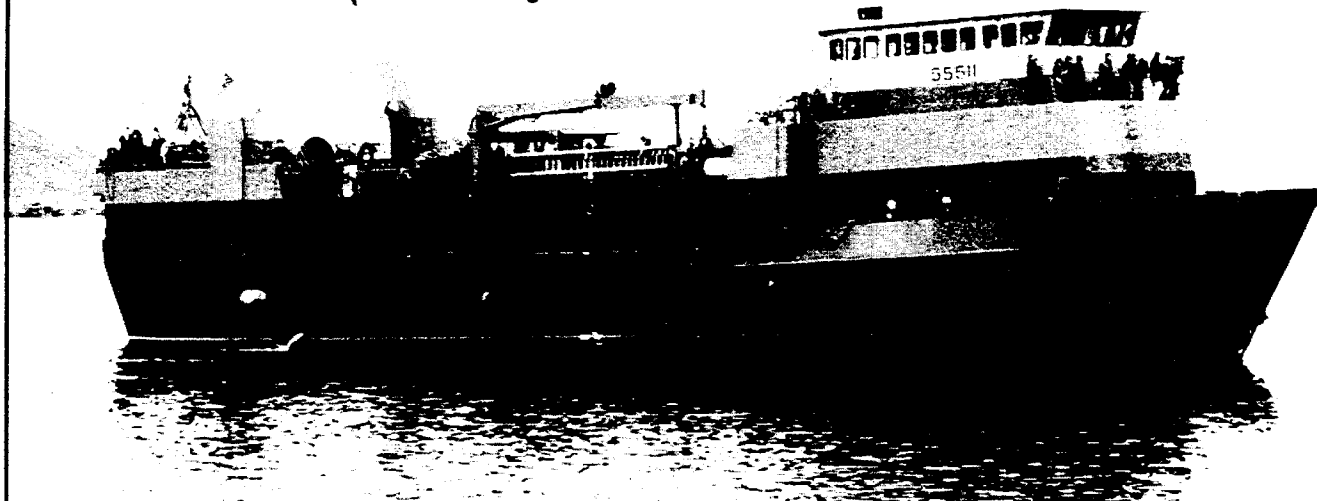
CVRF has employed many fishermen with its nearshore CDQ halibut fishery. There has also been consistent employment on the Ocean Harvester, CVRF's longline vessel that harvests the CDQ sablefish. Staff working under the 4-SITE program have also succeeded in placing many residents with other seafood companies throughout Alaska. In 1993, CVFC, through CVF, provided area competition and new markets for region fishermen when it opened salmon processing facilities in Bethel.

Lessons Learned: The Imapriqamiut Partnership

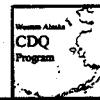
When the CDQ Program began in 1992, there was a great deal of excitement generated over CVFC's partnership with Golden Age Fisheries. The two companies formed the Imapriqamiut Partnership (IP) that owned and managed the factory trawler Browns Point. Although there were some positive aspects of the IP from 1992 through 1997, the partnership did not yield the benefits initially predicted. The IP dissolved after partners decided to end the relationship.

Although CVFC had some success through the IP, it is important to take note of the lessons learned through the partnership. As new CDQ ventures are constantly being created, it is critical CDQ groups and state oversight take heed.

1. **Avoid hurried decisions:** When dealing with unknowns take time to fully evaluate the situation. Do not let potential partners or deadlines box you into making business decisions.
2. **Thorough review:** Multi-million dollar decisions should be thoroughly reviewed. Look to qualified independent sources to guide in decision making.
3. **CDQ is not a subsidy:** When investing in an existing fishing venture, it must be self sufficient without CDQ.
4. **Avoid dependence on future allocations and activity:** Investments should not rely on unallocated CDQ and CDQ groups should not bind themselves to exclusive dealings.



5. **Investments policies:** CDQ groups need to know in advance what they expect investments to yield and see that an investment evidences the chance to meet those expectations.
6. **Competent legal review:** Be sure all business arrangements have been reviewed by competent legal professionals to assure there is no "fine print" that may cause injury in the future.
7. **"Request for Proposals":** Asking for open market bids is invaluable when determining what the CDQ is worth. Over time the value of a CDQ changes and it is important to see if a partnership is offering benefits comparable to the rest of the market.



Other Employment

As a component of its training efforts, CVRF has been active in promoting internships with its industry partners. There have also been joint efforts with state agencies to set up employment and training services in Bethel.

Training

CVRF has placed a priority on training that is represented by its promotion of the programs such as 4-SITE and Salmon Roe University. CVRF has a training coordinator who actively recruits CVRF residents for employment and internship opportunities. CVRF also created the Coastal Villages Scholarship Fund that is intended to fund scholarships to region residents.

What's Next?

CVFC had a difficult year in 1997 which ended in the dissolution of the IP. After five years in a pollock partnership, CVFC will dissolve following an orderly dissolution of the IP. In its place, CVRF does not have the same cash surplus other CDQ groups have. Communities of CVRF are arguably the poorest in the CDQ program and the benefits that have been witnessed by other groups have yet to fully reach CVRF's communities. There is much CVRF will need to accomplish in the future.





NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION

The Norton Sound Economic Development Corporation (NSEDC) represents the villages of Brevig Mission, Diomed/Inalik, Elim, Gambell, Golovin, Koyuk, Nome, Savoonga, Shaktoolik, St. Michael, Stebbins, Teller, Unalakleet, Wales and White Mountain. NSEDC was allocated 20% of the total CDQ pollock allocation in 1992 - 1995 and 22% from 1996 - 98. NSEDC's pollock partner is the Glacier Fish Company.

Goals

According to the Community Development Plan submitted by NSEDC, its major goal is as follows:

- 1. NSEDC has the overall goal of providing fishing opportunities, jobs and income for residents of its communities. This is done by focusing on self-sustaining fishing economies for communities in the region, and getting more people actively involved in the distant water fisheries in the Bering Sea.**

NSEDC is one of the largest CDQ groups in terms of population and number of communities. This magnitude creates a diverse range of interests to address and increases the costs of service delivery. Viability of local fisheries in the Norton Sound region is greatly challenged by the high costs of distribution that come from its far distance from world markets. All the same, NSEDC has been aggressive in fulfilling the milestones of its CDP, while preserving ample savings to take advantage of opportunities as they present themselves.

NSEDC Corporate Structure

NSEDC is managed by its Board of Directors. NSEDC's main offices are in Anchorage where its Executive Director and various staff implement their programs. There is an employment and training office in Unalakleet. NSEDC has various advisory committees in charge of certain CDP projects. Consultants are contracted as needed. NSEDC has developed subsidiaries to manage its for profit ventures. These include Norton Sound Seafood Products (NSSP), Norton Sound Fish Company, and Norton Sound Vessel Management, Inc.



Vessel Acquisitions

NSEDC has acquired or is planning to acquire the following fishing vessels.

<u>Vessel</u>	<u>% of Ownership</u>	<u>Description</u>
Glacier Fish Company	50%	• Glacier Fish Company is a fishing company with two factory trawlers, the 201 foot Northern Glacier and the 276 foot Pacific Glacier, the F/V Norton Sound (see below), and a seafood marketing arm.
F/V Norton Sound	49%	• Owned jointly with GFC as the Norton Sound Fish Company, the Norton Sound is a 139 foot longline vessel with processing capability.
Golovin Bay Norton Bay	100% 100%	• NSEDC purchased these two tender vessels and manages them under Norton Sound Vessel Management. The vessels, specially built for the Norton Sound region, will lower costs for NSSP and may provide another alternative for freight transportation.
Head & Gut vessel	Undetermined	• NSEDC may choose to make an investment in a head and gut trawl vessel through the upcoming expanded species program.
Longline vessel	Undetermined	• NSEDC may choose to make an investment in a longline vessel through the upcoming expanded species program.
Crab vessel	Undetermined	• NSEDC may choose to make an investment in a crab vessel through the upcoming expanded species program.

Community Based Fisheries Development Projects

NSEDC has worked on or is considering the following community-based fisheries development projects.

<u>Project Title</u>	<u>Community</u>	<u>Description</u>
Norton Sound Seafood Products	various	• NSSP is a for profit subsidiary that buys and markets salmon, crab, herring and halibut.
Koyuk Ice Machine	Koyuk	• In 1993, NSEDC provided funds to assist in the purchase of an ice machine.
Unalakleet Processing Plant	Unalakleet	• Since 1993, NSEDC has been assisting Unalakleet by providing funds for plant renovations and loans for reconstruction of the facility.
Norton Sound Crab Company	Nome	• NSCC is a fully owned subsidiary started in 1993 intended to serve as a crab processing facility.
Nome Floating Dock	Nome	• In 1994, NSEDC provided matching funds for the construction of a floating dock in Nome.



<u>Project Title</u>	<u>Community</u>	<u>Description</u>
Nome Eskimo Freezer Facility	Nome	• In 1994, NSEDC funded improvements to the Nome Eskimo Freezer Facility.
Shaktoolik Facility Improvements	Shaktoolik	• Since 1993, NSEDC has provided capital for a buying station in Shaktoolik.
Savoonga Halibut Improvements	Savoonga	• To support the small halibut fishery that has been developed on Savoonga through the halibut CDQ, NSEDC has been funding renovations and additions to the fishery infrastructure.
St. Lawrence Island Halibut Fishery	St. Lawrence	• In 1993, NSEDC established a commercial halibut fishery at St. Lawrence Island. This work included successful efforts to change International Pacific Halibut Commission (IPHC) regulations to establish an experimental fishery in area 4D.
Nome Harbor Project	Nome	• NSEDC may commit funds to a harbor development project in Nome.

Other Fisheries Development Projects

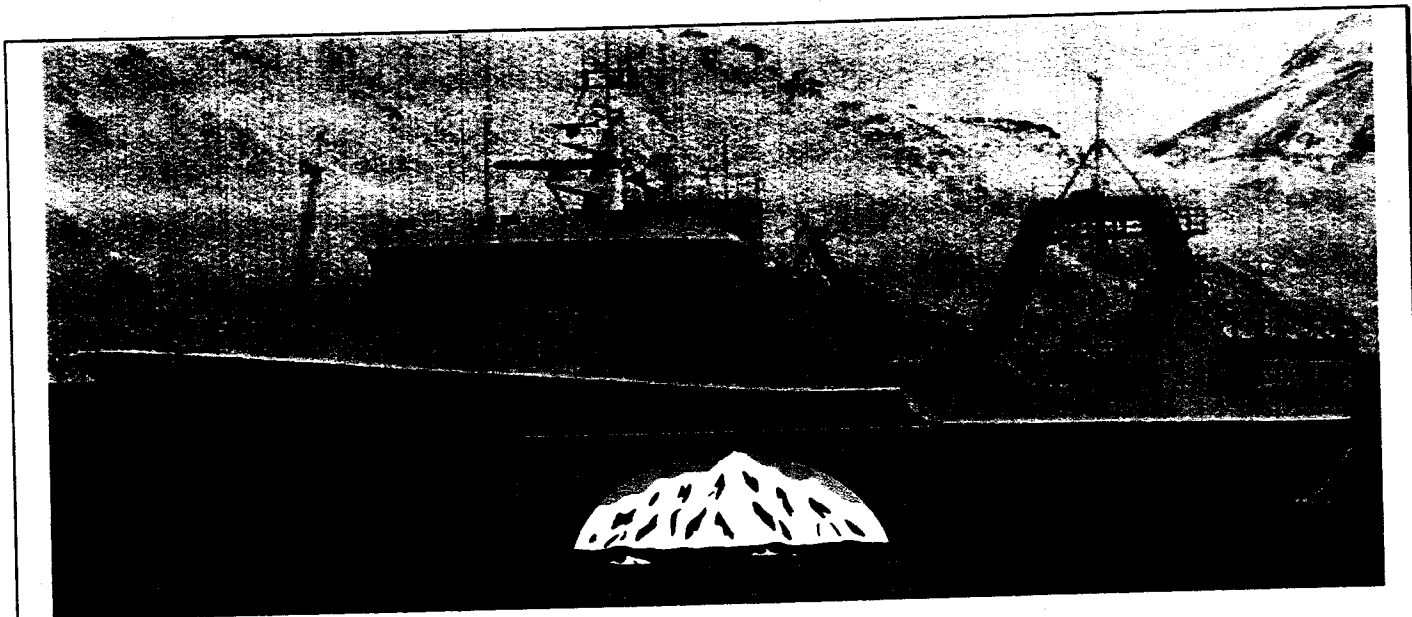
NSEDC has worked on or is considering the following fisheries development projects.

<u>Project Title</u>	<u>Description</u>
Salmon Enhancement Program	• NSEDC has supported the formation of an aquaculture association located in Elim. The association will work to rebuild the dwindling stocks of salmon vital to subsistence activities in Norton Sound.
Revolving Loan Program	• Since 1993, NSEDC has operated a revolving loan program established to provide permit, boat and gear loans to resident fishermen.
Salmon and Herring Marketing Program	• NSEDC has organized salmon and herring buying/processing operations and will conduct additional market research for various products from the Norton Sound fisheries.
Sea State	• In coordination with 3 other CDQ groups, NSEDC is developing a real time data tracking and catch accounting system to use during the CDQ fishery.

Employment

Management

NSEDC's administration is led by Executive Director, Eugene Asicksik, headquartered in Anchorage. The office is largely staffed by Norton Sound residents. Throughout the CDQ program, NSEDC has had offices in various locations. They have used internship positions to promote advancement at the local level.



Glacier Fish Company Purchase

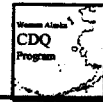
In December, 1997, NSEDC plunged headlong into the Bering Sea pollock industry when it became a 50% owner in the Glacier Fish Company (GFC), its long standing pollock partner. Given the tumultuous nature of the pollock industry the investment was not without risk. Despite the obvious concerns, NSEDC believes this investment provides tremendous benefits to its region.

Before the purchase was consummated, NSEDC engaged in extensive due diligence focused on management competence, levels of return, continuity of operations and benefits to the region. GFC's key managers became partial owners ensuring consistency and competency in company operations. It was made clear to state officials that CDQ pollock royalties would continue along with gains in equity and perhaps income distributions. Moreover, GFC would remain focused on its core competencies and avoid engaging in operations that would damage the company's viability. Most importantly, NSEDC was required to show how the investment would further the goals of their CDP. Aside from potential gains from GFC's operations, investments in the pollock industry have been viewed as consistent with the program. GFC also has the potential of adding to Norton Sound's fisheries by providing processing capacity and marketing support when those activities prove profitable to all participants.

Given the volatile and competitive nature of the pollock industry, there are no guarantees the GFC purchase will be an unqualified success. It should be noted however, that NSEDC approached the venture with extreme caution and the benefits of this new partnership may help the Norton Sound region well into the 21st century.

Pollock Employment

NSEDC has set near-term goals for hiring local people to work in the Bering Sea fishing industry in jobs that will directly result from CDQ fishing operations. GFC hires residents of the Bering Strait region on a preferential basis for CDQ operations and any other fisheries related to GFC and NSEDC.



Other Fishing Employment

With the Savoonga halibut fishery, some activity throughout the Sound, and fishing activities associated with NSSP, NSEDC has provided or facilitated a wide breadth of fisheries related employment opportunities.

Other Employment

NSEDC has generated non-fishery related employment related to construction projects stemming from in region activities. They have continued to promote internships.

Training

NSEDC provides scholarships to qualified students in the region to obtain advanced or continuing education in technical and vocational, and/or a collegiate institutions. To meet funding needs, NSEDC established an Education Endowment Fund. There is also marine related training classes.

What's Next?

Situated in close proximity to the Bering Straits, Norton Sound fisheries are quickly approaching severe economic hardships. Downward trends in global fish prices are making traditional fisheries in Norton Sound cost prohibitive. Local fishermen have high expectations of NSEDC to solve their economic woes, and although it is a goal of the group, the task is a daunting one. As they aggressively pursue profitable ventures when available, NSEDC will continue to peer into local fisheries development and try to find the combination of projects and ventures that will replace traditional markets and eliminate the need to support false economies.



YUKON DELTA FISHERIES DEVELOPMENT ASSOCIATION

Yukon Delta Fisheries Development Association (YDFDA) represents the communities of Alakanuk, Emmonak, Kotlik and Sheldon Point. YDFDA received 5% of the CDQ pollock allocation in 1992-1993, 7% in 1994-1995 and 13% in 1996-98. YDFDA has partnered with Golden Alaska Seafoods since 1992.

Goals

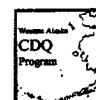
According to the Community Development Plan submitted by YDFDA, its major goal is as follows:

- 1. Create a self-sustaining, independent fishing company which will create income and employment opportunities for Yukon Delta residents.**

YDFDA has been recognized as an energetic, aggressive CDQ group. They have emphasized jobs in the Bering Sea industry which has led to several employment arrangements with companies other than its pollock partner. YDFDA has also developed a comprehensive training program that involves marine safety and navigation instruction, longline training, boat building, and engine repair. The boats built by YDFDA sponsored classes in Seward are later used by YDFDA residents in their fishing operations as another component of training. YDFDA is also creating a fishing company that continues to expand its operations as it moves to a level of profitability.

YDFDA Corporate Structure

YDFDA is managed by its Board of Directors. YDFDA is headquartered in Seattle, Washington and has offices in Seward and Emmonak. Much of YDFDA's economic development activity occurs within Yukon Delta Fisheries, Inc. (YDF). This for-profit corporation is establishing itself as a fishing company. It has several longliners and a small trawl vessel.



Vessel Acquisitions

YDFDA has acquired or is planning to acquire the following fishing vessels.

<u>Vessel</u>	<u>% of Ownership</u>	<u>Description</u>
F/V Blue Dolphin	100%	• Purchased in 1993, the Blue Dolphin is a 47 foot longline/crab vessel.
F/V Nakat	100%	• Purchased in 1993 and sold in 1997, the Nakat was a 53 foot longline/crab vessel.
Small Boat Fleet	100%	• YDFDA owns and operates nine (9) 32 foot longline vessels.
F/V Lisa Marie	100%	• Purchased in 1997, the Lisa Marie is a 78 foot trawl, pot and longline vessel.
Crab vessel	Undetermined	• Through the expanded species program, YDFDA may choose to invest in a crab vessel.
Head & gut vessel	Undetermined	• Through the expanded species program, YDFDA may choose to invest in a head & gut vessel.
Rebecca B.	N/A	• The Rebecca B was a longline processing vessel owned in a partnership with APICDA. The vessel ran aground in 1996 and was destroyed.
Longline vessel	Undetermined	• Through the expanded species program, YDFDA may choose to invest in a head & gut vessel.

Community Based Fisheries Development Projects

YDFDA has worked on or is considering the following community based fisheries development projects.

<u>Project Title</u>	<u>Community</u>	<u>Description</u>
Emmonak Value Added Processing Plan	Emmonak	• Since 1993, YDFDA has provided loan funds to the Yukon Delta Fish Marketing Co-op for the purpose of plant construction and improvements.
Yukon Delta Fisheries	All	• As a component of its training program, YDFDA operates YDF, which allows residents to fish the Bering Sea on small longliner vessels.



Other Fisheries Development Projects

YDFDA has worked on or is considering the following fisheries development projects.

<u>Project Title</u>	<u>Description</u>
Salmon and Herring Permit Buy-Back Program	<ul style="list-style-type: none">• YDFDA has set up a permit buy back program in an attempt to retain fishing rights in the region.
Revolving Loan Fund	<ul style="list-style-type: none">• In conjunction with CVRF and Alaska Village Council Presidents, YDFDA contributes funds for boat and gear loans.
Ocean Logic, L.L.C.	<ul style="list-style-type: none">• In partnership with APICDA, Ocean Logic is a software development project intended for use aboard fishing vessels in order to track and manage harvest data.
Exploratory Fishing Research	<ul style="list-style-type: none">• This program conducts research on the distribution, appropriate gear, and preferred fishing methods suitable for community-based commercial fishing in the eastern Bering Sea.

Employment

Management

With its main office in Seattle, YDFDA is headed by Ed Glotfelty, Executive Director. YDFDA maintains a small office in Seward to coordinate training activities that occur at the Alaska Vocational Technical Center. YDFDA continues to internships as a mechanism to get region residents exposed to managing the company.

Pollock Employment

The employment objectives of the employment program are to provide on-the-job training and experience in offshore fisheries to community residents and provide immediate employment and income-earning opportunities to these residents. Although the pollock related employment opportunities with Golden Alaska have been some of the more lucrative found in the CDQ program, YDFDA has not stopped its employment recruitment efforts there. YDFDA continues to seek out other pollock companies to find employment for its residents. The following is a list of pollock and non-pollock companies that YDFDA has worked with to provide employment for its region: American Seafoods, Westward Seafoods, Trident Seafoods, Starbound, O'Hara Corporation, Kodiak Fish Company, Fishermen's Finest, Peter Pan Seafoods, Premier Pacific, Supreme Alaska, Fanning Fisheries, and Seven Seas.



Other Fishing Employment

YDFDA provides substantial employment opportunities through its small boat fleet. The small boats are versatile in meeting the needs of several fisheries and continue to provide region residents with opportunities to sharpen their fishing skills.

Other Employment

YDFDA may be credited with assisting some residents in achieving future employment through their training efforts. YDFDA has assisted a few residents in starting welding businesses in their own communities after they completed training.

Training

As was discussed earlier, YDFDA has created a unique training platform that folds actual fishing into a training setting. Through the vocational training offered at the Alaska Vocational Technical Center in Seward, region residents may choose any number of training courses that lend themselves to careers in the fishing industry. From there, YDFDA has limited space for residents to continue their education with on-the-job training aboard the small vessels. YDFDA has also begun providing scholarships for collegiate studies.

What's Next?

YDFDA has proven itself as an aggressive, motivated CDQ group. With smaller pollock allocations in the early years of the program, YDFDA has been a bit slower to catch up to other CDQ groups in terms of investments. With proper direction setting, YDFDA has the ability to turn its dynamic work force towards profitable activities.



VI. ECONOMIC IMPACTS OF THE CDQ PROGRAM

This chapter examines how the activities of the CDQ groups are creating self-sufficient fishing economies. As a basis for defining economic development a set of criteria will be provided. Development strategies as discussed in Chapter IV will be reviewed against these criteria to see how they have led or are leading to economic development. It is found through this analysis that the CDQ groups are working very effectively at meeting the mission of CDQ program. Without the pollock CDQ, economic development achievements generated through CDQ activities would be greatly hampered.

Defining Economic Development

Definitions of economic development have evolved over time. The evolution of these definitions reflects the postwar development experience. Historically, economic development was perceived as synonymous with economic growth and was measured in terms of the expansion of a region's output. In recent decades however, economic development has increasingly been perceived as a process of complex structural changes in the economy and the society (Todaro, 1981). According to currently accepted concepts of economic development, three characteristics help to define economic development in a region. This chapter will also look at comparative data when available.

Sustained development

When economic development occurs, growth or at least expanded output becomes the norm. Put differently, short-term, one-time expansion of regional output is *not* economic development. In rural Alaska, the physical or economic exhaustion of a resource may end an economic boom and leave a region no better off than it was prior to the boom. In contrast, structure changes from economic development ensure higher levels of output which, once achieved, may be maintained or expanded.

Shared growth

Economic development is likely occurring when the growth of output is shared. Regional economic development implies that the residents of the region share broadly in the gains in income created by economic growth. Regional economic development includes development of the people of the region as well as the surrounding and supporting infrastructure.

Local control

Economic development is also identified when control over operations is held at the local level. This usually means that economic development also increases the importance of locally



made economic decisions. Local residents can participate in economic growth as resource owners and entrepreneurs as well as employees.

Relative change in indicators

Another measure this chapter will apply is the relative impact CDQ activities are having on the region. Although it will require more detailed research to filter out the true impacts witnessed by western Alaska, there is some baseline data we may use for analysis.

Revenue Generation

There may be no activity as important as leveraging a CDQ to its greatest value. As the CDQ groups become proficient in maximizing the value of this resource, they are able to transfer it towards CDQ activities that directly work to accomplish the program's mission. Having a consistent revenue stream creates an environment that economic development requires in order to obtain sustainability.

If the pollock CDQ is not maintained, the resource base that fuels the entire program will be significantly diminished. It is paramount to the mission of creating self-sufficient fishery economies that pollock CDQ continue at its current level of allocation. As was demonstrated in Chapter IV, annual revenues from 7.5% of the Bering Sea and Aleutian Islands pollock are approximately \$20 million. Estimates show that the expanded species program may provide an additional \$10 million in annual revenues to the groups.¹ Without the current pollock CDQ, it is difficult to determine what programs would be sacrificed, however it is clear the operations and activities of all the CDQ groups would be greatly curtailed.

Equity Accumulation

Equity accumulation may be considered a development strategy because it represents a conscious decision by the CDQ groups to use their earnings to invest in the fishing industry while creating a savings for potential investments in the future. It has been found that CDQ groups in aggregate have retained almost half of their gross revenues in some form of equity, whether its infrastructure projects, vessel investments or cash. This accumulation strengthens CDQ groups as they move further them down the path towards self-sufficiency.

¹ Estimate determined by CDP budget revenues listed in the 1998 - 2000 Multi-Species Community Development Plans.



Vessel Acquisition

Vessel acquisitions are a means of directly adding to a CDQ group's sustainability. Provided the Bering Sea fisheries remain viable, western Alaska communities will have direct access to the greatest commercial resource in their region. While it will be some time before CDQ groups have adequate fleets to supplant the revenues generated from pollock CDQ royalties, it is conceivable they will one day have the fishing capacity to fish their CDQ independently. As the fleets generate income, it will be transferred back to the CDQ group who will use it to bring along fledgling projects at the local level. The ability of the CDQ groups to make vessel investments is extremely important. Without the continuation of the pollock CDQ, vessel investments would likely prove cost prohibitive.

Another benefit of vessel acquisitions and venturing with industry participants is it enhances the control communities have over the economic activity. As voting members in fishing companies, the CDQ groups are often able to take part in making decisions that affect a business's operation. As the relationship matures, there is a transfer of technology and experience from the industry partner to the CDQ group. CDQ groups and their residents are able to learn first hand how the industry runs. This increases the likelihood of local control as CDQ residents, who have spent time learning from established industry partners, may one day be in control of their own operation and be able to operate independent of the CDQ program.

Finally, the employment opportunities available through vessel acquisition and partnering with industry increases the sharing of benefits that occurs from the economic activities. Jobs aboard Bering Sea vessels are made available to all western Alaska residents. Through these efforts, direct benefits are passed to the communities and as long as positions are available, almost anyone is able to take part in the economic opportunities.

Information provided in Chapter IV shows that the rate of vessel acquisitions has increased dramatically in the past year. Chapter V provided a detailed review of each CDQ group's current and anticipated fleet. It is predicted these fleets will be a cornerstone for future development.

Community Based Fisheries Development

Community based fisheries development is the heart and soul of the CDQ program as it leads to all the criteria that define economic development. CDQ groups and residents often remark that community economic development is most desirable because it allows residents to remain in the villages year round. This promotes important family and cultural lifestyles, and lends itself nicely to subsistence activities. Further, it is inherent in the mission of the CDQ program that the groups work to create self-sustaining fishery economies *in* western Alaska.



Despite the obvious need for community based development, these projects are easily the most difficult to pursue and require the continuation of the pollock CDQ at its current level. Costs of distribution, lack of basic infrastructure, and inexperience are some of the problems that slow the rate of success for these projects. Economic development activities in western Alaska have occurred for years and history has found that quite often they are unsuccessful. With this as a backdrop, CDQ groups are decidedly cautious when approaching community based business development. Before a community based venture is started, it must be carefully conceived and even then may prove more difficult than anticipated. Community based fisheries development is the greatest challenge of the CDQ program.

If CDQ groups can work to create profitable fishing ventures within their regions, the benefits will be directly transferred to residents, the businesses will sustain themselves on their own volition, local residents will likely retain control over the operations, and the growth will be shared by all residents. The efforts of APICDA in Atka are one example of how this can work. Through pollock CDQ, APICDA is financing renovations to a halibut processing center, while at the same time increasing the harvesting capacity of the fishermen. APICDA's financing using pollock revenues demonstrates the critical linkages between pollock CDQ and a broad range of other CDQ development efforts. The benefits of this project go directly to the villagers who fish halibut CDQ on the vessels and work in the plants. The boats are captained by Atkans and the plant is managed by a local resident. The plant is co-owned by the fishermen's association. Half of the entire community is employed because the plant is operating. When the plant obtains self-sustainability, APICDA will have successfully met the mission of the CDQ program in Atka. This serves to demonstrate the reliance other CDQ activities. After Atka there are 55 other CDQ communities that need this economic development. The CDQ program is succeeding, but it has only just begun.

Chapter V details the breadth of community infrastructure and business projects that CDQ groups have undertaken to date. There are some infrastructure projects that will serve to benefit the entire Bering Sea fishing industry. For instance, if CBSFA is able to succeed in establishing a full service harbor on St. Paul it will provide the Bering Sea fleet with another viable harbor facility. Business ventures such as Norton Sound Seafood Products, labor to find ways of making local fisheries profitable, continues to help traditional commercial salmon, herring and crab fishermen. The benefits of the CDQ program, while intended for region residents, have the potential to help other Bering Sea participants.

Employment

Employment obtained through the CDQ program promotes economic development in a number of ways. Most importantly, employment provides direct returns to the residents. As a resident experiences employment in various facets of the fishing industry, these experiences may eventually lead to increased control at the local level. Since employment opportunities are generally available to all residents, all residents may share in the benefits.



Table VI-1 summarizes the total annual jobs and total annual wages reported for all CDQ groups in the annual and quarterly reports for all CDQ employment.² It can be seen the CDQ program has created an excess of \$ 5 million in wages annually since 1994.

Table VI-1: CDQ Employment and Wages: All CDQ Groups

	1993	1994	1995	1996	1997
Number Working					
Management	26	48	58	63	63
CDQ Pollock-Related	186	213	228	261	356
Other Fisheries	64	276	393	691	663
Other Employment	95	531	157	138	130
Total	371	1,068	836	1,153	1,212
Total Wages					
Management	\$ 586,537	\$ 1,012,125	\$ 1,218,892	\$ 1,636,860	\$ 1,803,766
CDQ Pollock-Related	1,000,360	1,280,695	1,866,619	1,686,104	2,660,938
Other Fisheries	609,058	1,000,103	1,132,824	2,280,554	2,756,688
Other Employment	0	1,791,479	1,350,766	723,724	887,338
Total	\$ 2,195,955	\$ 5,084,402	\$ 5,569,101	\$ 6,327,242	\$ 8,108,730
Average Wage					
Management	\$ 22,559	\$ 21,086	\$ 21,015	\$ 25,982	\$ 28,631
CDQ Pollock-Related	5,378	6,013	8,187	6,460	7,474
Other Fisheries	0	3,624	2,883	3,300	4,383
Other Employment	6,411	3,374	8,604	5,244	6,826

As shown in Figure VI-1, from 1993 - 1997 CDQ management and administration has accounted for 6% percent of the jobs and 23% of the wages. Pollock harvesting and processing accounted for 27% of the jobs and 31% of the wages. Other fisheries, which involves halibut, salmon, sablefish, herring and crab employment, accounted for 50% of the jobs and 26% of the wages. Finally, other employment accounted for 17% of the jobs and 20% of the wages.

In an April, 1998 survey by the McDowell Group (McDowell), intended to uncover how the CDQ program would be impacted by a reallocation of the inshore / offshore allocations, CDQ groups and their pollock partners provided specific employment information by SSN for CDQ residents hired from the beginning of the program. That data, along with employment data from the Alaska Department of Labor, was used to reconcile CDQ pollock employment figures.

² The reporting format for CDQ employment information changed in 1996. This caused some incongruities in the reported information. Appendix V describes the basic assumption made when each group described their employment information before 1996. Since 1996, the CDQ groups provided a cumulative account of the number of jobs and people that were employed through their programs. The information attempts to measure the number of actual people employed on an annual basis.



Relative Employment and Income Impacts

An overview of the relative impacts of the CDQ program may be gained by comparing employment and income generated by the CDQ program with employment and income reported by the 1990 U.S. Census on data from 1989. Note that the census measures employment at the time the census was taken (April 1990) rather than annual average employment. Thus the census employment data are not necessarily representative of annual average employment in 1989. The census does provide a measure of total annual income in 1989.

The top box in Table VI-2 shows two different measures of employment from April 1989: total employment and "basic" employment. "Basic" employment refers to employment in the following private sector industries:

- Agriculture, forestry and fisheries
- Mining
- Construction
- Manufacturing, nondurable goods
- Manufacturing, durable goods

Basic industries usually produce goods or services for sale outside a region, and usually represent the foundation of a region's economy. Other industries, such as transportation, communications, trade, and services are usually considered "support" industries, in that they provide goods or services for sale within a region and are driven by income produced in the basic industries. In rural Alaska, government often provides much of the foundation that basic industries might provide in other, more developed regions. As can be seen in Table VI-2, basic employment is much lower than total employment, although the census may have understated basic employment because fishing and mining activities are concentrated during the summer months.

From 1993 - 1997, CDQ employment has ranged from 6% - 19% of the region's total employment. For the same years, CDQ employment has shown a range of 55% - 179% of basic employment. Although CDQ jobs appear to represent a relatively small share of *total* jobs in the CDQ region, they represent a very substantial increase in "basic" employment. Income may provides another indication of the CDQ program's impact on the region. By 1997, CDQ related wages have increased to 3.7% of the region's total wages.



Table VI-2: CDQ Employment & Income Compared with 1989 Employment & Income Reported by 1990 U.S. Census

Variables for Analysis:	
Employment in 1989	6281
"Basic" employment in 1989	679
Total income in 1989	\$219,708,878

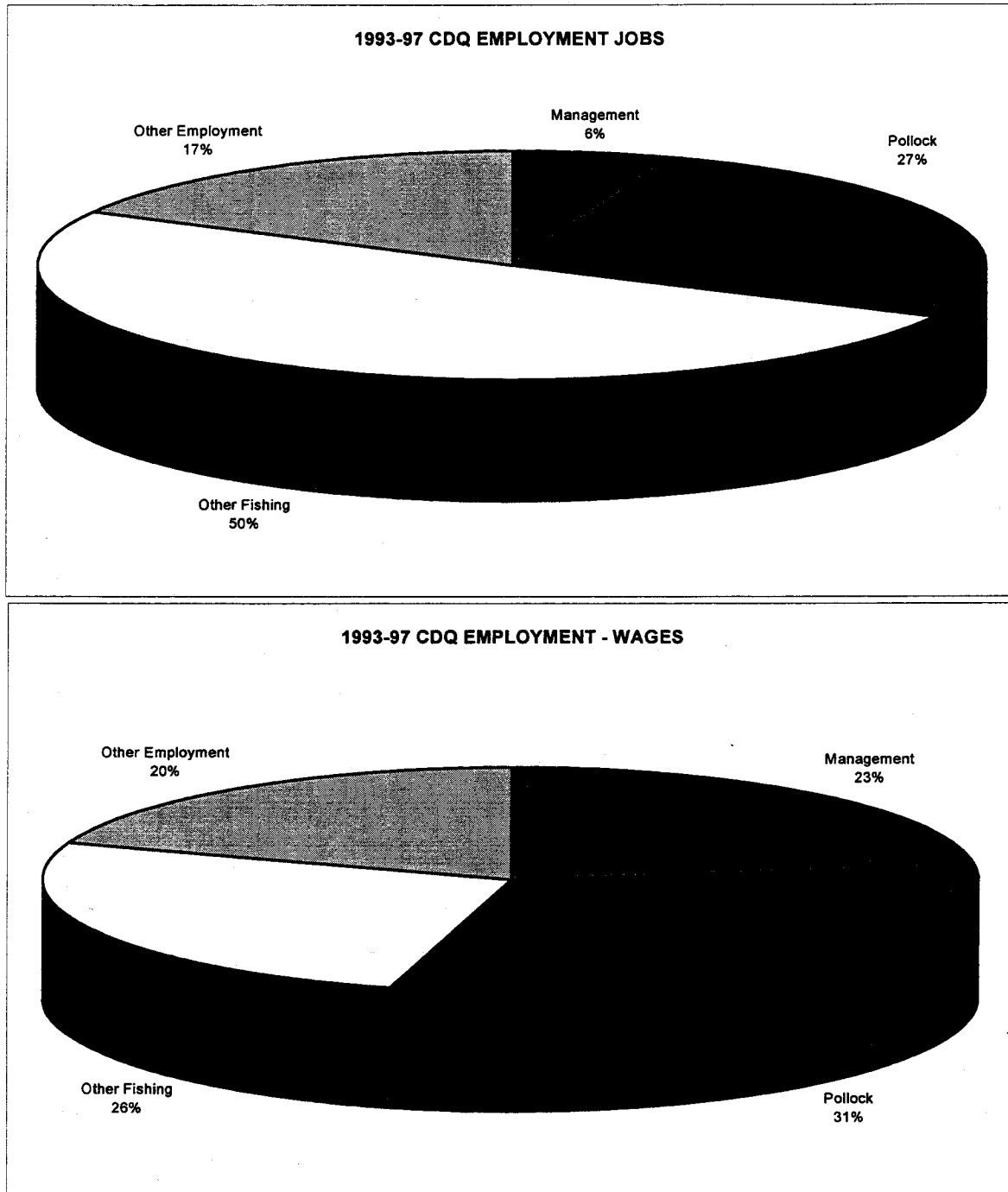
CDQ employment	Aggregate CDQ Employment Numbers	CDQ Employment as a % of Total 1989 Employment	CDQ Employment as a % of "Basic" Employment in 1989
1993	371	6%	55%
1994	1,068	17%	157%
1995	836	13%	123%
1996	1,153	18%	170%
1997	1,212	19%	179%

	CDQ wages ³	CDQ wages as % of 1989
1993 wages	\$ 2,195,955	1.0%
1994 wages	\$ 5,084,402	2.3%
1995 wages	\$ 5,569,101	2.5%
1996 wages	\$ 6,327,242	2.9%
1997 wages	\$ 8,108,730	3.7%

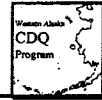
³ Wages include some administrative salaries that were not earned in the region.



Figure VI-1⁴



⁴ The data reported by the CDQ groups is not necessarily perfect for assessing the precise contribution of the CDQ program to employment and income in western Alaska. For example, some jobs are part-time or seasonal, or involve matching funds or joint ventures with non-CDQ organizations. However, the data represent the only detailed source of information on employment and income generated by the CDQ program. As long as the limitations described above are kept in mind, and it is recognized that actual employment and income impacts may be somewhat lower or higher than reported, it is reasonable to use these numbers to gain a general sense of the economic impacts of the CDQ program to date.



Indirect Employment and Income Effects

Some of the income earned in CDQ jobs, as well as spending for supplies and services in support of CDQ projects, passes through local merchants, service providers, and others before "leaking" out of the region in exchange for imports. The additional employment and income generated in this way is referred to as "indirect" economic impacts. In an area such as western Alaska, where very few goods and services are provided locally, money leaks out of the region relatively quickly. For example, a 1987 report by the University of Alaska's Institute of Social and Economic Research estimated that each dollar of income generated in commercial fishing in southwest Alaska generates an additional 24 cents of income within the region.⁵

It is impossible to estimate precisely the indirect employment and income impacts of the CDQ region, but it is reasonable to assume that they are smaller than the direct impacts--probably about half the magnitude or less. Nevertheless, every extra contribution to jobs and income helps, and these additional impacts of the CDQ program should not be overlooked.

Training

To date, CDQ groups have spent almost \$ 5 million directly on training expenditures to over 3,000 residents. This money does not including program delivery costs. Chapter VI outlined the basic types of training programs offered in the program. With the strong emphasis CDQ groups have placed on this long range development strategy, residents are slowly increasing the power base at the local level which will increase local control and sharing of the economic development. CDQ groups have argued residents of western Alaska do not yet fully possess the knowledge necessary to compete successfully in the competitive Bering Sea industry. This knowledge is not a function of ability, but experience. With the tremendous attention CDQ groups are placing on training opportunities, residents will gain the necessary experience to enable them to compete successfully with established fishing companies.

Again, APICDA's efforts in Atka provide an example of this learning process. Despite Atka's achievements, it has not gained a point of technical self-sufficiency and still relies heavily on APICDA for its industry connections, financing and basic administrative services. Time required to learn how to harvest and process fish can be measured with some certainty. What can not be learned as quickly are the complexities involved in running profitable fishing ventures. There is the need to continue to bring local residents into the management of these business. There is a much longer learning curve for dealing with industry and governments, and it is vital CDQ groups retains their access to pollock quota in order to see residents reach that level of competency. Without the pollock CDQ, it is possible CDQ groups would choose to strip training budgets in order to pursue direct areas of development.

⁵Matthew Berman and Teresa Hull, *The Commercial Fishing Industry in Alaska's Economy*, Institute of Social and Economic Research, March 1987, page 44.



Fisheries Retention Activities

If the fisheries retention activities are to be successful, they will lead directly to local benefits from the fisheries. As it stands, the outflow of fishing rights has long term damaging effects on region residents. Data on permit and IFQ retention by region is tracked government agencies. As CDQ group's continue to focus on this important strategy, this data will prove important in judging the impact these activities are having.

Region Outreach

Dissemination of CDQ information through regional outreach activities lends itself to the concept of sharing economic development. CDQ groups need community involvement and support in order to succeed. The success of their programs are only as good as the quality of benefits region residents are able to earn from them.

Economic Impact of the CDQ Program: Conclusion

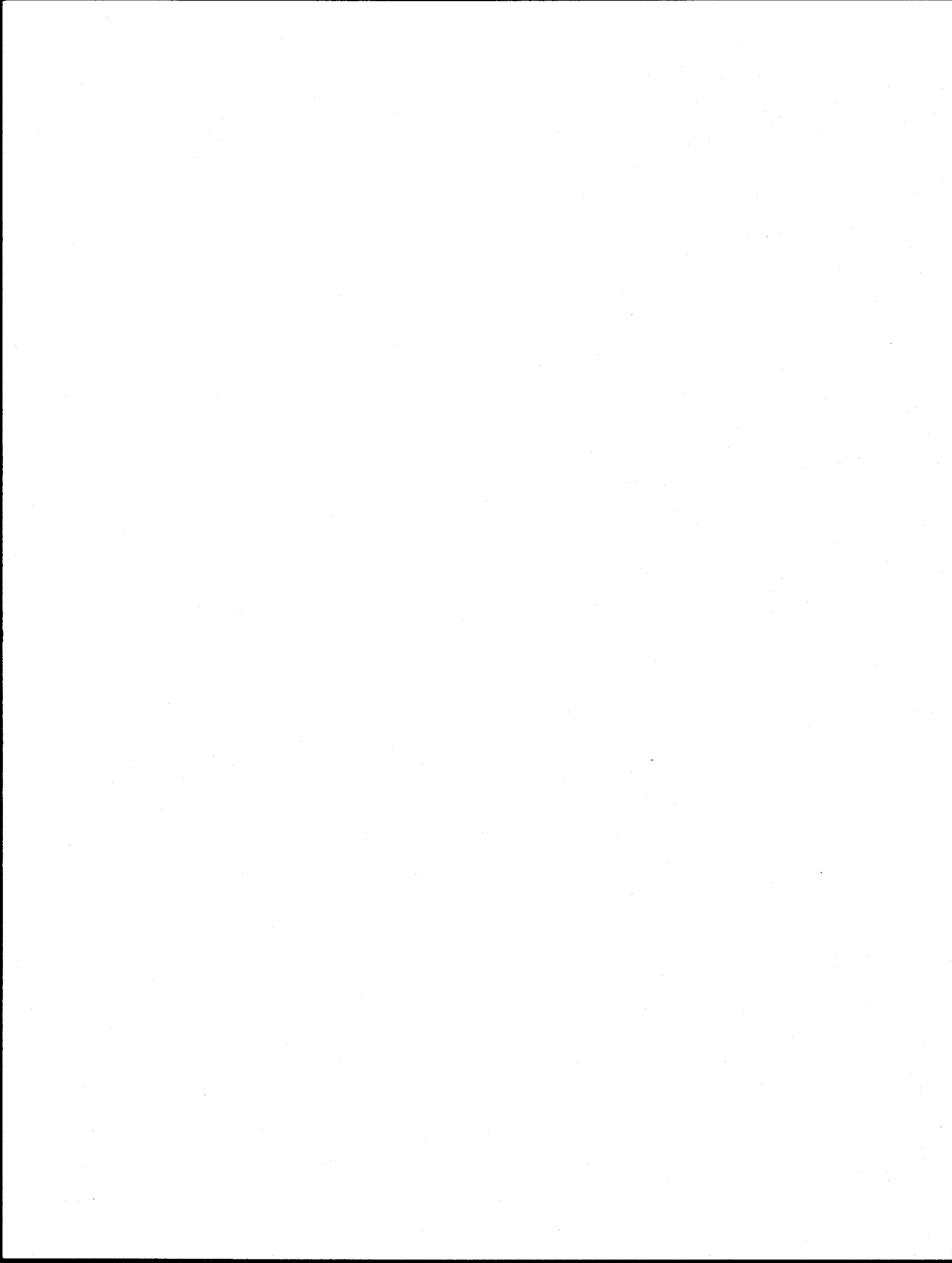
Assessing the success of the CDQ program is difficult because it has been in existence for a relatively short period. This chapter has looked at indicators of economic development against CDQ development strategies and found the activities of CDQ groups to date are leading toward positive economic development and fulfilling the mission of developing self-sufficient fisheries economies in western Alaska. The findings in this report also indicate that the process of bringing this depressed region to self-sustainability has only just begun. A key component of the success of the CDQ program to date has been the revenue generated by the pollock CDQ. Without this revenue, the rate of progress would slow markedly and in some instances stop completely.

The annual effects of losing pollock CDQ are lost revenues of \$20 million of pollock royalty and over \$ 2 million in direct pollock wages. CDQ groups would no longer be able to support the large expenditures directed at training and education. It is also possible that without pollock CDQ, pollock industry participants would be less likely to extend employment opportunities to western Alaskans. Investments into capital intensive fishing industries would no longer be possible and benefits associated with equity ownership gone with it. With diminished revenues, CDQ administrations would be unable to deliver the level of service currently provided to region residents.

Without pollock CDQ, it would be extremely difficult for the program to meet its mission of developing self-sustaining fishing economies in western Alaska. Not only would the region be severely hampered, but secondary benefits generated for the Bering Sea fishing industry, other

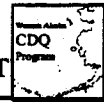


industry, other Alaskan residents, and the United States would be reduced. By all measures, the CDQ program is contributing towards the process of spurring economic development within the western Alaska region. It is bringing about economic development, as measured by jobs, local control, long-term sustainability and sharing in the benefits. Another aspect that should be considered is that it provides opportunities to work where few existed before, especially during the long winters when jobs are scarce. The hope and opportunities created by the CDQ program are an invaluable addition to the collective self-esteem of the region's people. Despite some rocky events through the early years of the CDQ program, it has been a great benefit to western Alaska. The continuation of the pollock CDQ program is vital to maintaining the impressive economic development activities to date.





APPENDIX I



Subpart C

Western Alaska Community Development Quota Program

679.30 General CDQ regulations.

(a) State of Alaska CDQ responsibilities

(1) **Compliance.** The State of Alaska must be able to ensure implementation of the CDPs once approved by NMFS. To accomplish this, the State must establish a monitoring system that defines what constitutes compliance and non-compliance.

(2) **Public hearings.** Prior to granting approval of a CDP recommended by the Governor, NMFS shall find that the Governor developed and approved the CDP after conducting at least one public hearing, at an appropriate time and location in the geographical area concerned, so as to allow all interested persons an opportunity to be heard. Hearing(s) on the CDP do not have to be held on the actual documents submitted to the Governor under paragraph (b) of this section, but must cover the substance and content of the proposed CDP in such a manner that the general public, and particularly the affected parties, have a reasonable opportunity to understand the impact of the CDP. The Governor must provide reasonable public notification of hearing date(s) and location(s). The Governor must make available for public review, at the time of public notification of the hearing, all state materials pertinent to the hearing(s) and must include a transcript or summary of the public hearing(s) with the

Governor's recommendations to NMFS in accordance with this subpart. At the same time this transcript is submitted to NMFS, it must be made available, upon request, to the public. The public hearing held by the Governor will serve as the public hearing for purposes of NMFS review under paragraph (c) of this section.

(3) **Council consultation.** Before sending his/her recommendations for approval of CDPs to NMFS, the Governor must consult with the Council, and make available, upon request, CDPs that are not part of the Governor's recommendations.

(b) **CDP application.** The Governor, after consultation with the Council, shall include in his or her written findings to NMFS recommending approval of a CDP, that the CDP meets the requirements of these regulations, the Magnuson-Stevens Act, the Alaska Coastal Management Program, and other applicable law. At a minimum, the submission must discuss the determination of a community as eligible; information regarding community development, including goals and objectives; business information; and a statement of the managing organization's qualifications. For purposes of this section, an eligible community includes any community or group of communities that meets the criteria set out in paragraph (d) of this section. Applications for a CDP must include the following information:

(1) **Community development information.** Community development information includes:

(i) **Project description.** A description of the CDP projects that are proposed to be funded by the CDQ and how the CDP projects satisfy the goals and purpose of the CDQ program.



(ii) **Allocation request.** The allocation of each CDQ species requested for each subarea or district of the BSAI, as defined at 679.2 and for each IPHC regulatory area, as prescribed in the annual management measures published in the Federal Register pursuant to 300.62 of chapter III of this title.

(iii) **Project schedule.** The length of time the CDQ will be necessary to achieve the goals and objectives of the CDP, including a project schedule with measurable milestones for determining progress.

(iv) **Employment.** The number of individuals to be employed under the CDP, the nature of the work provided, the number of employee-hours anticipated per year, and the availability of labor from the applicant's community(ies).

(v) **Vocational and educational programs.** Description of the vocational and educational training programs that a CDQ allocation under the CDP would generate.

(vi) **Existing infrastructure.** Description of existing fishery-related infrastructure and how the CDP would use or enhance existing harvesting or processing capabilities, support facilities, and human resources.

(vii) **New capital.** Description of how the CDP would generate new capital or equity for the applicant's fishing and/or processing operations.

(viii) **Transition plan.** A plan and schedule for transition from reliance on the CDQ allocation under the CDP to self-sufficiency in fisheries.

(ix) **Short- and long-term benefits.** A description of short- and long-term benefits to the applicant from the CDQ allocation.

(2) **Business information.** Business information includes:

(i) **Method of harvest.** Description of the intended method of harvesting the CDQ allocation, including the types of products to be produced; amounts to be harvested; when, where, and how harvesting is to be conducted; and names and permit numbers of the vessels that will be used to harvest a CDQ allocation.

(ii) **Target market and competition.** Description of the target market for sale of products and competition existing or known to be developing in the target market.

(iii) **Business relationships.** Description of business relationships between all business partners or with other business interests, if any, including arrangements for management, audit control, and a plan to prevent quota overages. For purposes of this section, business partners means all individuals who have a financial interest in the CDQ project.

(iv) **Profit sharing.** Description of profit sharing arrangements.

(v) **Funding.** Description of all funding and financing plans.

(vi) **Partnerships.** Description of joint venture arrangements, loans, or other partnership arrangements, including the distribution of proceeds among the parties.

(vii) **General budget for implementing the CDP.** A general budget is a general account of estimated income and expenditures for each CDP project that is described in paragraph (b)(1)(i) of this section for the total number of calendar years that the CDP is in effect.

(viii) **Capital equipment.** A list of all capital equipment.

(ix) **Cash flow.** A cash flow and break-even analysis.

(x) **Income statement.** A balance sheet and income statement, including profit, loss, and return on investment for the proposed CDP.



(3) **Statement of managing organization's qualifications.** Statement of the managing organization's qualifications includes:

(i) **Structure and personnel.** Information regarding its management structure and key personnel, such as resumes and references; including the name, address, fax number, and telephone number of the managing organization's representative; and

(ii) **Management qualifications.** A description of how the managing organization is qualified to manage a CDQ allocation and prevent quota overages. For purposes of this section, a qualified managing organization means any organization or firm that would assume responsibility for managing all or part of the CDP and that meets the following criteria:

(A) **Official letter of support.** Documentation of support from each community represented by the applicant for a CDP through an official letter of support approved by the governing body of the community.

(B) **Legal relationship.** Documentation of a legal relationship between the CDP applicant and the managing organization (if the managing organization is different from the CDP applicant), which clearly describes the responsibilities and obligations of each party as demonstrated through a contract or other legally binding agreement.

(C) **Expertise.** Demonstration of management and technical expertise necessary to carry out the CDP as proposed by the CDP application (e.g., proven business experience as shown by a balance and income statement, including profit, loss, and the return on investment on all business ventures within the previous 12 months by the managing organization).

(c) **Review and approval of CDPs**

(1) **Consistent with criteria.**

(i) Upon receipt by NMFS of the Governor's recommendation for approval of proposed CDPs, NMFS will review the record to determine whether the community eligibility criteria and the evaluation criteria set forth in paragraph (d) of this section have been met. NMFS shall then approve or disapprove the Governor's recommendation within 45 days of its receipt.

(ii) In the event of approval, NMFS shall notify the Governor and the Council in writing that the Governor's recommendations for CDPs are consistent with the evaluation criteria under paragraph (d) of this section and other applicable law, including NMFS reasons for approval.

(iii) Publication of the decision, including the percentage of each CDQ reserve for each subarea or district allocated under the CDPs and the availability of the findings, will be published in the Federal Register.

(iv) NMFS will allocate no more than 33 percent of the total CDQ to any approved CDP application.

(v) A CDQ community may not concurrently receive more than one pollock, halibut, or sablefish allocation and only one application for each type of CDP per CDQ applicant will be accepted.

(2) **Not consistent with criteria.**

(i) If NMFS finds that the Governor's recommendations for CDQ allocations are not consistent with the evaluation criteria set forth in these regulations and disapproves the



Governor's recommendations, NMFS shall so advise the Governor and the Council in writing, including the reasons therefor.

(ii) Notification of the decision will be published in the Federal Register.

(3) **Revised CDP.**

(i) The CDP applicant may submit a revised CDP to the Governor for submission to NMFS.

(ii) Review by NMFS of a revised CDP application will be in accordance with the provisions set forth in this section.

(d) **Evaluation criteria.** NMFS will approve the Governor's recommendations for CDPs if NMFS finds the CDP is consistent with the requirements of these regulations, including the following:

(1) **CDP application.** Each CDP application is submitted in compliance with the application procedures described in paragraph (b) of this section.

(2) **NMFS review.** Prior to approval of a CDP recommended by the Governor, NMFS will review the Governor's findings to determine that each community that is part of a CDP is listed in Table 7 of this part or meets the following criteria for an **eligible community**:

(i) The community is located within 50 nm from the baseline from which the breadth of the territorial sea is measured along the Bering Sea coast from the Bering Strait to the western most of the Aleutian Islands, or on an island within the Bering Sea. A community is not eligible if it is located on the GOA coast of the North Pacific Ocean, even if it is within 50 nm of the baseline of the Bering Sea.

(ii) The community is certified by the Secretary of the Interior pursuant to the Native Claims Settlement Act (Public Law 92-203) to be a native village.

(iii) The residents of the community conduct more than half of their current commercial or subsistence fishing effort in the waters of the BSAI.

(iv) The community has not previously developed harvesting or processing capability sufficient to support substantial groundfish fisheries participation in the BSAI, unless the community can show that benefits from an approved CDP would be the only way to realize a return from previous investments. The communities of Unalaska and Akutan are excluded under this provision.

(3) **Qualified managing organization.** Each CDP application demonstrates that a qualified managing organization will be responsible for the harvest and use of the CDQ allocation pursuant to the CDP.

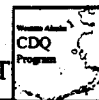
(4) **Exceeding the CDQ allocation.** Each CDP application demonstrates that its managing organization can effectively prevent exceeding the CDQ allocation.

(5) **Governor's findings.** The Governor has found for each recommended CDP that:

(i) The CDP and the managing organization are fully described in the CDP application, and have the ability to successfully meet the CDP milestones and schedule.

(ii) The managing organization has an adequate budget for implementing the CDP, and the CDP is likely to be successful.

(iii) A qualified applicant has submitted the CDP application and the applicant and managing organization have the support of each community participating in the proposed



CDQ project as demonstrated through an official letter approved by the governing body of each such community.

(iv) The following factors have been considered:

(A) The number of individuals from applicant communities who will be employed under the CDP, the nature of their work, and career advancement.

(B) The number and percentage of low income persons residing in the applicant communities, and the economic opportunities provided to them through employment under the CDP.

(C) The number of communities cooperating in the application.

(D) The relative benefits to be derived by participating communities and the specific plans for developing a self-sustaining fisheries economy.

(E) The success or failure of the applicant and/or the managing organization in the execution of a prior CDP (e.g., exceeding a CDQ allocation or any other related violation may be considered a failure and may therefore result in partially or fully precluding a CDP from a future CDQ allocation).

(6) **Qualified applicant.** For purposes of this paragraph (d), "qualified applicant" means:

(i) A local fishermen's organization from an eligible community, or group of eligible communities, that is incorporated under the laws of the State of Alaska, or under Federal law, and whose board of directors is composed of at least 75 percent resident fishermen of the community (or group of communities) that is (are) making an application; or

(ii) A local economic development organization incorporated under the laws of the State of Alaska, or under Federal law, specifically for the purpose of designing and implementing a CDP, and that has a board of directors composed of at least 75 percent resident fishermen of the community (or group of communities) that is (are) making an application.

(7) **Resident fisherman.** For the purpose of this paragraph (d), "resident fisherman" means an individual with documented commercial or subsistence fishing activity who maintains a mailing address and permanent domicile in the community and is eligible to receive an Alaska Permanent Fund dividend at that address.

(8) **Board of directors.** If a qualified applicant represents more than one community, the board of directors of the applicant must include at least one member from each of the communities represented.

(e) **Monitoring of CDPs**

(1) **CDP reports.** The following reports must be submitted to NMFS:

(i) **Annual progress reports.**

(A) CDP applicants are required to submit annual progress reports to the Governor by June 30 of the year following allocation.

(B) Annual progress reports will include information describing how the CDP has met its milestones, goals, and objectives.

(C) On the basis of those reports, the Governor will submit an annual progress report to NMFS and recommend whether CDPs should be continued.

(D) NMFS must notify the Governor in writing within 45 days of receipt of the Governor's annual progress report, accepting or rejecting the annual progress report and the Governor's recommendations.



(E) If NMFS rejects the Governor's annual progress report, NMFS will return it for revision and resubmission.

(F) The report will be deemed approved if NMFS does not notify the Governor in writing within 45 days of the report's receipt.

(ii) Annual budget report.

(A) An annual budget report is a detailed estimation of income and expenditures for each CDP project as described in paragraph (b)(1)(i) of this section for a calendar year.

(B) The annual budget report must be submitted to NMFS by December 15 preceding the year for which the annual budget applies.

(C) Annual budget reports are approved upon receipt by NMFS, unless disapproved in writing by December 31. If disapproved, the annual budget report may be revised and resubmitted to NMFS.

(D) NMFS will approve or disapprove a resubmitted annual budget report in writing.

(iii) Annual budget reconciliation report. A CDQ group must reconcile each annual budget by May 30 of the year following the year for which the annual budget applied. Reconciliation is an accounting of the annual budget's estimated income and expenditures with the actual income and expenditures, including the variance in dollars and variance in percentage for each CDP project that is described in paragraph (b)(1)(i) of this section. If a general budget, as described in paragraph (b)(2)(vii) of this section, is no longer correct due to the reconciliation of an annual budget, then the general budget must also be revised to reflect the annual budget reconciliation. The revised general budget must be included with the annual budget reconciliation report.

(2) Increase in CDQ allocation. If an applicant requests an increase in a CDQ, the applicant must submit a new CDP application for review by the Governor and approval by NMFS as described in paragraphs (b) and (c) of this section.

(3) Substantial amendments.

(i) A CDP is a working business plan and must be kept up to date. Substantial amendments, as described in paragraph (e)(3)(iv) of this section, to a CDP will require written notification to the Governor and subsequent approval by the Governor and NMFS before any change in a CDP can occur. The Governor may recommend to NMFS that the request for an amendment be approved.

(ii) NMFS may notify the Governor in writing of approval or disapproval of the amendment within 30 days of receipt of the Governor's recommendation. The Governor's recommendation for approval of an amendment will be deemed approved if NMFS does not notify the Governor in writing within 30 calendar days of receipt of the Governor's recommendation.

(iii) If NMFS determines that the CDP, if changed, would no longer meet the criteria under paragraph (d) of this section, or if any of the requirements under this section would not be met, NMFS shall notify the Governor in writing of the reasons why the amendment cannot be approved.

(iv) For the purposes of this section, substantial amendments are defined as changes in a CDP, including, but not limited to, any of the following:



- (A) Any change in the applicant communities or replacement of the managing organization.
- (B) A change in the CDP applicant's harvesting or processing partner.
- (C) Funding a CDP project in excess of \$100,000 that is not part of an approved general budget.
- (D) More than a 20-percent increase in the annual budget of an approved CDP project.
- (E) More than a 20-percent increase in actual expenditures over the approved annual budget for administrative operations.
- (F) A change in the contractual agreement(s) between the CDP applicant and its harvesting or processing partner, or a change in a CDP project, if such change is deemed by the Governor or NMFS to be a material change.
- (v) Notification of an amendment to a CDP shall include the following information:
 - (A) The background and justification for the amendment that explains why the proposed amendment is necessary and appropriate.
 - (B) An explanation of why the proposed change to the CDP is an amendment according to paragraph (e)(3)(i) of this section.
 - (C) A description of the proposed amendment, explaining all changes to the CDP that result from the proposed amendment.
 - (D) A comparison of the original CDP text with the text of the proposed changes to the CDP, and the changed pages of the CDP for replacement in the CDP binder.
 - (E) Identification of any NMFS findings that would need to be modified if the amendment is approved along with the proposed modified text.
 - (F) A description of how the proposed amendment meets the requirements of this subpart. Only those CDQ regulations that are affected by the proposed amendment need to be discussed.
- (4) Technical amendments.**
 - (i) Any change to a CDP that is not a substantial amendment as defined in paragraph (e)(3)(iv) of this section is a technical amendment. It is the responsibility of the CDQ group to coordinate with the Governor to ensure that a proposed technical amendment does not meet the definition for a substantial amendment. Technical amendments require written notification to the Governor and NMFS before the change in a CDP occurs.
 - (ii) A technical amendment will be approved when the CDQ group receives a written notification from NMFS announcing the receipt of the technical amendment. The Governor may recommend to NMFS, in writing, that a technical amendment be disapproved at any time. NMFS may disapprove a technical amendment in writing at any time, with the reasons therefor.
 - (iii) Notification should include:
 - (A) The pages of the CDP, with the text highlighted to show deletions and additions.
 - (B) The changed pages of the CDP for replacement in the CDP binder.
- (5) Cease fishing operations.** It is the responsibility of the CDQ-managing organization to cease fishing operations once a CDQ allocation has been reached.
- (f) Suspension or termination of a CDP**
 - (1) Governor's recommendation.**



(i) NMFS, at any time, may partially suspend, suspend, or terminate any CDP upon written recommendation of the Governor setting out his or her reasons that the CDP recipient is not complying with these regulations.

(ii) After review of the Governor's recommendation and reasons for a partial suspension, suspension, or termination of a CDP, NMFS will notify the Governor in writing of approval or disapproval of his or her recommendation within 45 days of its receipt.

(iii) In the event of approval of the Governor's recommendation, NMFS will publish an announcement in the Federal Register that the CDP has been partially suspended, suspended, or terminated, along with reasons therefor.

(2) **Non-compliance.** NMFS also may partially suspend, suspend, or terminate any CDP at any time if NMFS finds a recipient of a CDQ allocation pursuant to the CDP is not complying with these regulations, other regulations, or provisions of the Magnuson Act or other applicable law. Publication of suspension or termination will appear in the Federal Register, along with the reasons therefor.

(3) **Review of allocation.** An annual progress report, required under paragraph (e)(1)(i) of this section, will be used by the Governor to review each CDP to determine whether the CDP and CDQ allocation thereunder should be continued, decreased, partially suspended, suspended, or terminated under the following circumstances:

(i) If the Governor determines that the CDP will successfully meet its goals and objectives, the CDP may continue without any Secretarial action.

(ii) If the Governor recommends to NMFS that an allocation be decreased, the Governor's recommendation for decrease will be deemed approved if NMFS does not notify the Governor, in writing, within 30 days of receipt of the Governor's recommendation.

(iii) If the Governor determines that a CDP has not successfully met its goals and objectives, or appears unlikely to become successful, the Governor may submit a recommendation to NMFS that the CDP be partially suspended, suspended, or terminated. The Governor must set out, in writing, his or her reasons for recommending suspension or termination of the CDP.

(iv) After review of the Governor's recommendation and reasons therefor, NMFS will notify the Governor, in writing, of approval or disapproval of his or her recommendation within 30 days of its receipt. In the case of suspension or termination, NMFS will publish notification in the Federal Register, with reasons therefor.

679.31 CDQ and PSQ reserves.

Portions of the CDQ and PSQ reserves for each subarea or district may be allocated for the exclusive use of CDQ applicants in accordance with CDPs approved by the Governor in consultation with the Council and approved by NMFS. NMFS will allocate no more than 33 percent of the total CDQ for all subareas and districts combined to any one applicant with an approved CDP application.

(a) **Pollock CDQ reserve** (applicable through December 31, 1998). In the proposed and final harvest specifications required by 679.20(c), one-half of the pollock TAC placed in the reserve for each subarea or district of the BSAI will be apportioned to a CDQ reserve for each subarea or district.



(b) **Halibut CDQ reserve.** (1) NMFS will annually withhold from IFQ allocation the proportions of the halibut catch limit that are specified in paragraph (b) of this section for use as a CDQ reserve.

(2) Portions of the CDQ for each specified IPHC regulatory area may be allocated for the exclusive use of an eligible Western Alaska community or group of communities in accordance with a CDP approved by the Governor in consultation with the Council and approved by NMFS.

(3) The proportions of the halibut catch limit annually withheld for the halibut CDQ program, exclusive of issued QS, and the eligible communities for which they shall be made available are as follows for each IPHC regulatory area:

(i) **Area 4B.** In IPHC regulatory area 4B, 20 percent of the annual halibut quota shall be made available to eligible communities physically located in, or proximate to, this regulatory area.

(ii) **Area 4C.** In IPHC regulatory area 4C, 50 percent of the halibut quota shall be made available to eligible communities physically located in IPHC regulatory area 4C.

(iii) **Area 4D.** In IPHC regulatory area 4D, 30 percent of the annual halibut quota shall be made available to eligible communities located in, or proximate to, IPHC regulatory areas 4D and 4E.

(iv) **Area 4E.** In IPHC regulatory area 4E, 100 percent of the halibut quota shall be made available to eligible communities located in, or proximate to, IPHC regulatory area 4E. A fishing trip limit of 6,000 lb (2.7 mt) applies to halibut CDQ harvesting in IPHC regulatory area 4E.

(4) For the purposes of this section, "proximate to" an IPHC regulatory area means within 10 nm from the point where the boundary of the IPHC regulatory area intersects land.

(c) **Groundfish CDQ reserves.** (See 679.20(b)(1)(iii))

(d) **Crab CDQ reserves.** King and Tanner crab species in the Bering Sea and Aleutian Islands Area that have a guideline harvest level specified by the State of Alaska that is available for commercial harvest are apportioned to a crab CDQ reserve as follows:

(1) For calendar year 2000, and thereafter, 7.5 percent;

(2) For calendar year 1999 (applicable through December 31, 1999), 5 percent; and

(3) For calendar year 1998 (applicable through December 31, 1998), 3.5 percent.

(e) **PSQ reserve.** (See 679.21(e)(3)).

(f) **Reallocation of CDQ or PSQ reserves** (Applicable through December 31, 1998). If the Regional Administrator determines that any amount of a CDQ or PSQ reserve will not be used during the remainder of the 1998 fishing year, the Regional Administrator may reallocate any unused amount of the CDQ reserve back to the non-specified reserve established by 679.20(b)(1)(ii) and may reallocate any unused amount of a PSQ reserve back to non-CDQ fisheries in proportion to those fisheries' 1998 apportionment of PSC limits established by 679.21.

679.32 Estimation of total pollock harvest in the CDQ fisheries (applicable through December 31, 1998).



(a) **Recordkeeping and reporting requirements.** Vessels and processors participating in pollock CDQ fisheries must comply with recordkeeping and reporting requirements set out at 679.5.

(b) **Total pollock harvests**

(1) **Observer estimates.** Total pollock harvests for each CDP will be determined by observer estimates of total catch and catch composition, as reported on the daily observer catch message.

(2) **Cease fishing.** The CDQ-managing organization must arrange to receive a copy of the observer daily catch message from processors in a manner that allows the CDQ-managing organization to inform processors to cease fishing operations before the CDQ allocation has been exceeded. CDQ-managing organization representatives must also inform NMFS within 24 hours after the CDQ has been reached and fishing has ceased.

(3) **NMFS estimates.** If NMFS determines that the observer, the processor, or the CDQ-managing organization failed to follow the procedures described in paragraphs (c), (d), and (e) of this section for estimating the total harvest of pollock, or violated any other regulation in this subpart C of this part, NMFS reserves the right to estimate the total pollock harvest based on the best available data.

(c) **Observer coverage.** Vessel operators and processors participating in CDQ fisheries must comply with the following requirements for observer coverage:

(1) **Shoreside processor.**

(i) Each shoreside processor participating in the CDQ fisheries must have one observer present at all times while groundfish harvested under a CDQ are being received or processed.

(ii) The Regional Administrator is authorized to require more than one observer for a shoreside processor if:

(A) The CDQ delivery schedule requires an observer to be on duty more than 12 hours in a 24-hour period;

(B) Simultaneous deliveries of CDQ harvests by more than one vessel cannot be monitored by a single observer; or

(C) One observer is not capable of adequately monitoring CDQ deliveries.

(2) **Processor vessel.** Each processor vessel participating in the CDQ fisheries must have two observers aboard the vessel at all times while groundfish harvested under a CDQ are being harvested, processed, or received from another vessel.

(3) **Catcher vessel.** Observer coverage requirements for catcher vessels participating in the CDQ fisheries are in addition to any observer coverage requirements in subpart E of this part. Each catcher vessel delivering groundfish harvested under a CDQ, other than a catcher vessel delivering only unsorted codends to a processor or another vessel, must have a NMFS certified observer on the vessel at all times while the vessel is participating in the CDQ fisheries, regardless of the vessel length.

(d) **Shoreside processor equipment and operational requirements.** Each shoreside processor participating in the CDQ fisheries must comply with the following requirements:

(1) **Certified scale.** Groundfish harvested in the CDQ fisheries must be recorded and weighed on a scale certified by the State of Alaska. Such a scale must measure catch weights



at all times to at least 95-percent accuracy, as determined by an observer or authorized officer. The scale and scale display must be visible simultaneously by the observer.

(2) **Access to scale.** Observers must be provided access to the scale used to weigh groundfish landings.

(3) **Retention of scale printouts.** Printouts of scale measurements of each CDQ delivery must be made available to observers and be maintained in the shoreside processor for the duration of the fishing year, or for as long after a fishing year as product from fish harvested during that year are retained in the shoreside processor.

(4) **Prior notice of offloading schedule.** The manager of each shoreside processor must notify the observer(s) of the offloading schedule of each CDQ groundfish delivery at least 1 hour prior to offloading to provide the observer an opportunity to monitor the weighing of the entire delivery.

(e) **Processor vessel measurement requirements.** Each processor vessel participating in the CDQ fishery for pollock must estimate the total weight of its groundfish catch by the volumetric procedures specified in this paragraph (e).

(1) **Receiving bins.** Each processor vessel estimating its catch by volumetric measurement must have one or more receiving bins in which all fish catches are placed to determine total catch weight prior to sorting operations.

(2) **Bin volume.** The volume of each bin must be accurately measured, and the bin must be permanently marked and numbered in 10-cm increments on all internal sides of the bin. Marked increments, except those on the wall containing the viewing port or window, must be readable from the outside of the bin at all times. Bins must be lighted in a manner that allows marked increments to be read from the outside of the bin by an observer or authorized officer.

(3) **Bin certification.**

(i) The bin volume and marked and numbered increments must be certified by a registered engineer with no financial interest in fishing, fish processing, or fish tender vessels, or by a qualified organization that has been designated by the USCG Commandant, or an authorized representative thereof, for the purpose of classing or examining commercial fishing industry vessels under the provisions of 46 CFR 28.76.

(ii) Bin volumes and marked and numbered increments must be recertified each time a bin is structurally or physically changed.

(iii) The location of bin markings, as certified, must be described in writing. Tables certified under this paragraph (e)(1)(iii) indicating the volume of each certified bin in cubic meters for each 10-cm increment marked on the sides of the bins, must be submitted to the NMFS Observer Program prior to harvesting or receiving groundfish and must be maintained on board the vessel and made available to observers at all times.

(iv) All bin certification documents must be dated and signed by the certifier.

(4) **Prior notification.** Vessel operators must notify observers prior to any removal or addition of fish from each bin used for volumetric measurements of catch in such a manner that allows an observer to take bin volume measurements prior to fish being removed from



or added to the bin. Once a volumetric measurement has been taken, additional fish may not be added to the bin until at least half the original volume has been removed. Fish may not be removed from or added to a bin used for volumetric measurements of catch until an observer indicates that bin volume measurements have been completed and any samples of catch required by the observer have been taken.

(5) **Separation of fish.** Fish from separate hauls or deliveries from separate harvesting vessels may not be mixed in any bin used for volumetric measurements of catch.

(6) **Bin viewing port.** The receiving bins must not be filled in a manner that obstructs the viewing ports or prevents the observer from seeing the level of fish throughout the bin.

679.33 Halibut and sablefish CDQ.

(a) **Permits.** The Regional Administrator will issue a halibut and/or sablefish CDQ permit to the managing organization responsible for carrying out an approved CDQ project. A copy of the halibut and/or sablefish CDQ permit must be carried on any fishing vessel operated by or for the managing organization, and be made available for inspection by an authorized officer. Each halibut and/or sablefish CDQ permit will be non-transferable and will be effective for the duration of the CDQ project or until revoked, suspended, or modified.

(b) **CDQ cards.** The Regional Administrator will issue halibut and/or sablefish CDQ cards to all individuals named on an approved CDP application. Each halibut and/or sablefish CDQ card will identify a CDQ permit number and the individual authorized by the managing organization to land halibut and/or sablefish for debit against its CDQ allocation.

(c) **Alteration.** No person may alter, erase, or mutilate a halibut and/or sablefish CDQ permit, card, registered buyer permit, or any valid and current permit or document issued under this part. Any such permit, card, or document that has been intentionally altered, erased, or mutilated will be invalid.

(d) **Landings.** All landings of halibut and/or sablefish harvested under an approved CDQ project, dockside sales, and outside landings of halibut and/or sablefish must be landed by a person with a valid halibut and/or sablefish CDQ card to a person with a valid registered buyer permit, and reported in compliance with 679.5(l)(1) and (l)(2).

(e) **CDQ fishing seasons.** See 679.23(e)(4).

679.34 CDQ halibut and sablefish determinations and appeals.

Section 679.43 describes the procedure for appealing initial administrative determinations for the halibut and sablefish CDQ program made under this subpart C of this part.

Subpart B--Management Measures

679.20 General limitations.

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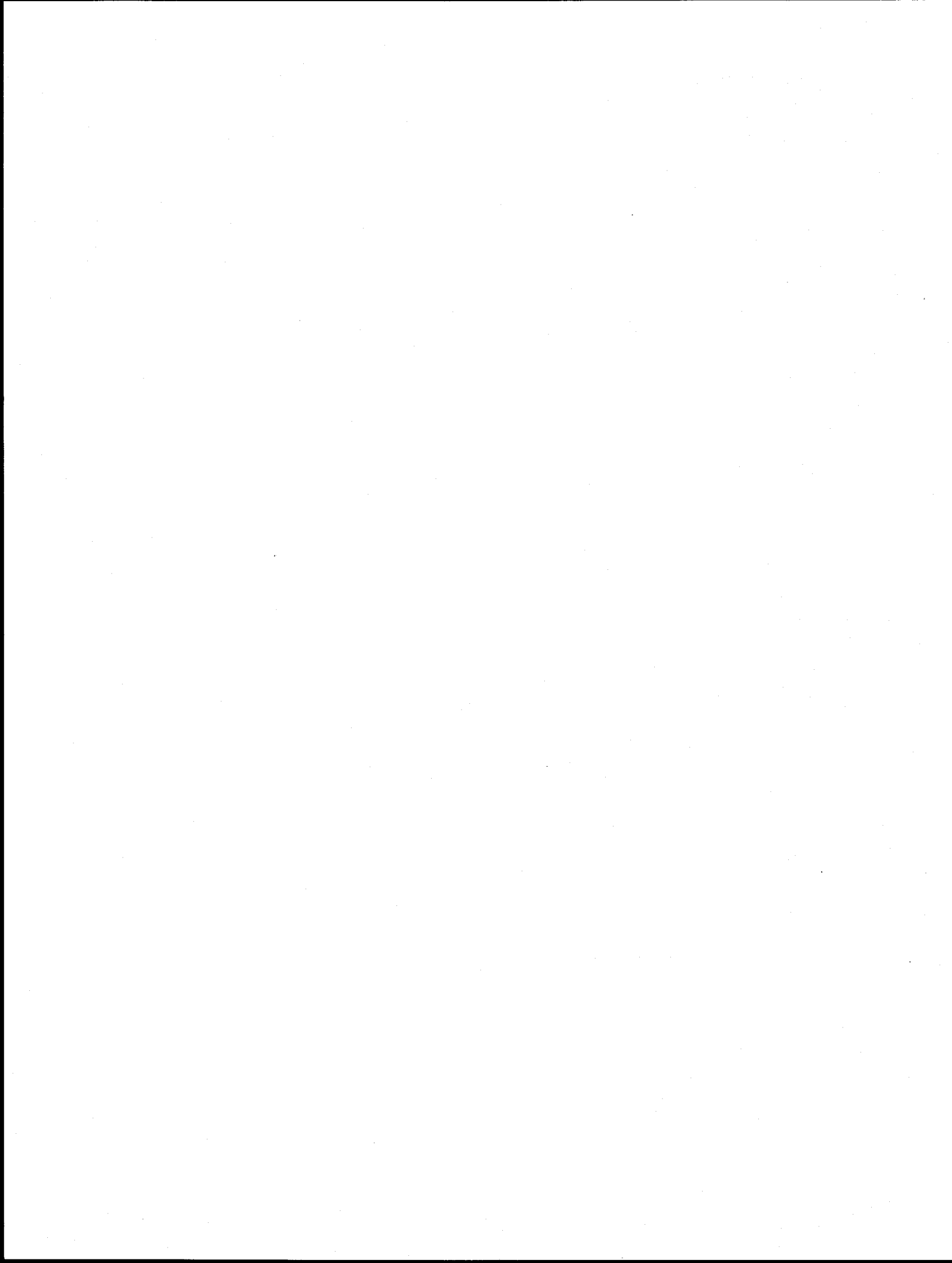
(iii) CDQ reserve—(A) **Groundfish CDQ reserve.** Except as limited by 679.31(a) of this part, one half of the nonspecified reserve established by paragraph (b)(1)(i) of this section is apportioned to the groundfish CDQ reserve.

(B) **Fixed gear sablefish CDQ reserves.** Twenty percent of the fixed gear allocation of sablefish established by paragraph (a)(4)(iii) of this section for each subarea or district of the BSAI is apportioned to a CDQ reserve for each subarea or district.

(C) **Apportionment of groundfish CDQ reserve by TAC category.**

(1) Except for the fixed gear sablefish CDQ reserves, the groundfish CDQ reserve is apportioned among TAC categories in amounts equal to 7.5 percent of each TAC category for which a reserve is established.

(2) If the final harvest specifications required by paragraph (c) of this section change the groundfish species comprising a species category or change a TAC by combining management areas or splitting a TAC into two or more TACs by management area, then any CDQ allocations based on those TACs change proportionally.





APPENDIX II



CHAPTER 093

WESTERN ALASKA COMMUNITY DEVELOPMENT QUOTA PROGRAM

6 AAC 93.010 PURPOSE OF REGULATIONS.

This chapter is adopted by the governor to implement the governor's role in the Western Alaska Community Development Quota Program as required under the Fishery Management Plan for the Groundfish Fishery of the Bering Sea/Aleutian Islands Area as established in 50 C.F.R. 679.1 and 50 C.F.R. 679.30, both as amended as of January 31, 1997.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.015 DELEGATION OF AUTHORITY; FINAL RECOMMENDATIONS.

(a) The commissioners of the Department of Community and Regional Affairs, Department of Fish and Game, and Department of Commerce and Economic Development, or the commissioners' representatives, acting jointly, are the governor's designees for the purposes of this chapter. The Department of Community and Regional Affairs is the lead agency and will be the primary recipient of all required CDQ material. The governor's designees constitute the CDQ Team. The CDQ Team shall (1) solicit community development plan applications from eligible communities; (2) conduct the initial review and evaluation of proposed CDPs; for the purposes of this paragraph, "proposed CDP" means the material which will require an amendment for any changes for the duration of a CDP; (3) make recommendations for community development quota allocations to the governor; (4) review and recommend for approval amendments to existing CDPs; and (5) monitor the performance of each CDQ group in achieving the group's goals and milestones for its CDP.

(b) The governor will make all final recommendations regarding CDP applications and CDQ allocations to the United States Secretary of

Commerce in accordance with 50 C.F.R. 679.30(b) - (f) and this chapter.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24

6 AAC 93.020 COMMUNITY DEVELOPMENT PLAN APPLICATION PROCESS.

(a) The CDQ Team shall establish a schedule for the receipt of CDP applications, initial application evaluation, public hearings, and final application review. Within a reasonable time before the beginning of the application period, the CDQ Team shall

(1) publish a notice of the CDP application schedule in at least one newspaper of general circulation in Western Alaska and one newspaper of general circulation in the state; and

(2) mail a copy of the notice to eligible communities.

(b) Except as provided in 6 AAC 93.075 (b), the application period must be a minimum of 14 days.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 1/1/98, Register 144)

Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24

6 AAC 93.025 COMMUNITY DEVELOPMENT QUOTA ALLOCATION APPLICATIONS.

(a) To receive a CDQ allocation, a qualified applicant must submit to the department a complete CDP application and quota request, before the end of the CDP application period established in 6 AAC 93.020 (a). A CDP application is complete if the CDP application includes

(1) for each species allocation,

(A) the information described at 50 C.F.R. 679.30(b), as amended as of January 31, 1997 and this chapter;

(B) a statement from the applicant that the applicant is a "qualified applicant" as defined at 50 C.F.R. 679.30(d)(6), as amended as of January 31, 1997; and

(C) a statement from the applicant that each community participating in the CDP application is an eligible community as described at



50 C.F.R. 679.30(d), as amended as of January 31, 1997;

(2) a list of eligible communities participating in the CDP application;

(3) a letter of support or election results for each board member from the board member's eligible community and a statement of support from the governing body of each eligible community participating in the CDP application;

(4) a certificate of incorporation evidencing that the applicant is a non-profit corporation formed under AS 10.20; and

(5) evidence, such as a contract with a business partner, that the CDQ applicant has not and does not intend to obligate future quota allocations to a third party.

(b) An eligible community may not concurrently apply for or receive more than one CDQ allocation during a single CDP application period.

(c) An eligible community may not participate in more than one Community Development Plan. The provisions of this subsection do not apply to prevent an eligible community from participating in halibut allocations that are restricted by regulatory areas of the International Pacific Halibut Commission and 50 C.F.R. 679.30, as amended as of January 31, 1997.

(d) If the applicant for a CDQ is a managing organization, the managing organization must have

(1) a board of directors whose membership is composed of at least 75 percent resident fishermen from the community or a group of communities participating in the CDP application, with at least one member from each participating community; and

(2) a statement of support from each community on whose behalf the organization is applying, that was approved by the governing body of that community.

(e) If a managing organization will participate in the fishery on behalf of an applicant for a CDQ, but is not the applicant, the managing organization must

(1) provide a statement of support from the governing body of each community that the organization represents; and

(2) document the legal relationship between the applicant and the managing

organization, through a contract or other legally binding agreement, that clearly describes the responsibilities and obligations of the parties.

(f) In addition to the information required under (a) and (d) or (e) of this section and under 50 C.F.R. 679.30, as amended as of January 31, 1997, a qualified applicant shall provide with the CDP application all information regarding the particular benefits that a CDQ allocation under the CDP application would generate for the Bering Sea/Aleutian Islands region, the state, or the United States.

(g) To meet the requirements of (a)(3) of this section and of (d)(2) or (e)(1) of this section, as appropriate, a qualified applicant may provide a copy of a resolution, letter, or other appropriate expression of support from the governing body of that community.

(h) A CDP application must address all of the applicant's existing and foreseeable business relationship by

(1) providing copies of any contractual service arrangements;

(2) providing copies of profit sharing arrangements;

(3) providing copies of funding and financing plans; and

(4) describing the type of relationship, including joint ventures, loans, partnerships, corporations and if applicable, the distributions of proceeds.

(i) Each CDP application must provide investment policies for the CDQ applicant for:

(1) capital projects;

(2) infrastructure projects;

(3) fund management and cash management; and

(4) other CDQ activities.

(j) Each CDP application must provide budgets, including,

(1) a general budget for the CDP application that identifies all quota revenue, project revenue, and project expenditures for the entire period of the CDP application;

(2) an annual budget listing detailed expenses for each CDP project for that year which must be updated annually according to this chapter; and

(3) an annual comprehensive budget for the administrative expenses specifically indicating the expenses that are chargeable to the managerial,



general administrative, and policy phases of a CDQ group and that CDQ group's projects; the CDQ Team will, in its discretion, determine which expenses are allowable administrative expenses.

(k) Each CDP application must describe how the applicant plans to report financial and audit information to the state throughout the course of its CDP, and in accordance with 6 AAC 93.050.

(l) Each CDP application must provide a detailed description of all the CDQ projects the applicant intends to pursue during the course of the applicant's CDP.

(m) Each CDP application must include a table that sets out a detailed list of milestones, goals, and objectives, including employment and training goals, that the applicant intends to achieve during the course of the applicant's CDP.

(n) In addition to the information required to be submitted to the CDQ Team by (a), (d) or (e), as appropriate, (f), and (h) - (j) of this section, a qualified applicant shall submit additional information that the governor or the CDQ Team determine to be necessary to determine whether to recommend the complete CDP application to the secretary for approval.

(o) Except for circumstances that are found by the CDQ Team to have been beyond the control of the qualified applicant, the CDQ Team will not evaluate a late CDP application.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.030 INITIAL EVALUATION OF CDP APPLICATIONS. (a) The CDQ Team shall perform an initial evaluation of a CDP application submitted under 6 AAC 93.025 to determine if the application is complete. If the application is not complete, the applicant has until the end of the application period to complete the application.

(b) Upon receipt of a CDP application, the CDQ Team shall schedule a public hearing in accordance with 50 C.F.R. 679.30(a)(2), as amended as of January 31, 1997, and with 6 AAC 93.035.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.035 PUBLIC HEARING. (a) The CDQ Team shall establish a time and place for at least one public hearing on a pending CDP application. The hearing must be held in the geographical area subject to the CDP.

(b) Notice of the date and location of a public hearing must be provided to the CDP applicant whose application is the subject of the hearing and, through newspaper publications or other media, other parties that the designees believe will be interested in the CDP application.

(c) A public hearing must be tape recorded and transcribed. The transcript of a public hearing conducted under this section will be made available to the public, upon request, at the same time that the transcript is submitted to the secretary in accordance with 50 C.F.R. 679.30(a)(2), as amended as of January 31, 1997.

(d) A public hearing held under this section may be conducted by teleconference.
(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.040 FINAL EVALUATION OF COMPLETE CDP APPLICATIONS. (a)

Following the close of the CDP application period, the CDQ Team shall evaluate all complete CDP applications for CDQ allocations to determine if the applications meet the requirements of 50 C.F.R. 679.30, as amended as of January 31, 1997, and this chapter.

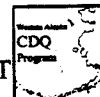
(b) The CDQ Team shall consider the following factors when reviewing a complete CDP application

(1) the number of eligible communities participating in the CDQ program;

(2) the size of the allocation of fishery resource requested by the qualified applicant and the proper allocation necessary to achieve the milestones, goals, and objectives as stated in the CDP application;

(3) the degree to which the project is expected, if any, to develop a self-sustaining local fisheries economy, and the proposed schedule for transition from reliance on a CDQ allocation to economic self-sufficiency;

(4) the degree to which the project is expected, if any, to generate capital or equity in the local fisheries economy or infrastructure, or



investment in commercial fishing or fish processing operations;

(5) the contractual relationship among the qualified applicant and joint venture partners, if any, and the managing organization;

(6) the diversity in the applicant's harvesting or processing partners, or both, and the vessels and gear type to be used in the applicant's operations;

(7) the coordination or cooperation with other CDQ groups on projects;

(8) the experience of the industry partners of the qualified applicant, if any;

(9) the involvement and diversity of the qualified applicant in all facets of harvesting and processing;

(10) the applicant's employment and training programs set out in the project which provide career track opportunities;

(11) the benefits to the state's economy or to the economy of communities that are not eligible to participate in the CDQ program that exceed the benefits generated by the CDP for eligible CDQ communities;

(12) a demonstration, through 6 AAC 93.025 (i), that the applicant has a formal effective administrative process that sets out sound business principles and due diligence that the applicant will exercise before entering into capital investments and projects;

(13) the degree to which the CDP employs harvesting and processing techniques which promote conservation, minimize bycatch, and provide for full retention and utilization of the community development quota by the qualified applicant;

(14) the development of innovative products and processing techniques as well as innovation in harvesting gear for conservation and maximum utilization;

(15) the ability of a CDQ group to maintain control over each of its allocations;

(16) the capital or equity generated by the applicant's CDQ projects for seafood business investment;

(17) the past performance of the qualified applicant and the applicant's industry partners, as appropriate;

(18) the applicant's objectives; and

(19) the inclusion in the CDP, as required by 6 AAC 93.025 (m), of realistic measurable milestones for determining progress.

(c) The CDQ Team shall transmit to the governor for the governor's review each complete CDP application evaluated by the CDQ Team. The governor will then make a written finding that the complete CDP application

(1) satisfies the requirements of 50 C.F.R. 679.30, as amended as of January 31, 1997, and this chapter, and will be recommended to the secretary for approval for a CDQ allocation in the amount requested by the qualified applicant;

(2) satisfies the requirements of 50 C.F.R. 679.30, as amended as of January 31, 1997, and this chapter, and will be recommended to the secretary for approval with a reduced CDQ allocation from the amount initially requested by the qualified applicant; or

(3) does not satisfy the requirements of 50 C.F.R. 679.30, as amended as of January 31, 1997, and this chapter, and will not be recommended to the secretary for approval.

(d) If there is sufficient quota of fishery resource available to meet the combined total CDQ allocations requested in all of the complete CDP applications that satisfy the requirements of 50 C.F.R. 679.30, as amended as of January 31, 1997, and this chapter, the governor will, in the governor's discretion, recommend all of these applications to the secretary for approval.

(e) If there is an insufficient quota of fishery resource available to meet the combined total CDQ allocations requested in all of the complete CDP applications that satisfy the requirements of 50 C.F.R. 679.30, as amended as of January 31, 1997, and this chapter, the governor will, in the governor's discretion and after consultation in accordance with (f) of this section,

(1) apportion the available quota among the qualified applicants and recommend the apportionment to the secretary for approval; or

(2) select those complete applications that the governor believes best satisfy the objectives, requirements, and criteria of the CDQ program and recommend those applications to the secretary for approval; a recommendation under this paragraph may also include a recommendation for an apportionment in accordance with (1) of this subsection.

(f) Before the CDQ Team recommends an apportionment of the quota under (e) of this section, it will consult with the qualified applicants that may be affected by the proposed apportionment. The CDQ Team will, in its



discretion, request a qualified applicant to submit a revised complete CDP application to assist the CDQ Team in determining the

(1) economic feasibility and likelihood of success of the CDP with an allocation of fishery resource less than that requested in the complete CDP application; and

(2) particular benefits that may be derived by participating eligible communities affected by an allocation of fishery resource less than that requested in the complete CDP application.

(g) In apportioning the quota of fishery resource under (e) of this section, the governor shall consider the information specified in 50 C.F.R. 679.30 and this chapter, and seek to maximize the benefits of the CDQ program to the greatest number of participating eligible communities.

(h) Before forwarding recommendations to the secretary under 6 AAC 93.045, the governor, or the CDQ Team, will consult with the North Pacific Fishery Management Council regarding the complete CDP applications to be recommended by the governor for CDQ allocations and will incorporate any comments from the council into the written findings required under (c) of this section and 50 C.F.R. 679.30(d)(5), as amended as of January 31, 1997.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.045 RECOMMENDATIONS TO THE SECRETARY. Following the end of the review and evaluation period established under 6 AAC 93.020, the governor will

(1) forward to the secretary written recommendations for approval of CDP applications and CDQ allocations;

(2) forward to the secretary the CDP applications and the proposed CDPs; and

(3) notify in writing every CDP applicant whether the applicant's CDP was recommended to the secretary, including any reduction of allocation made under 6 AAC 93.040.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.050 ANNUAL AND QUARTERLY REPORTS. (a) In order for the CDQ Team to

monitor a CDP as required under 50 C.F.R. 679.30, as amended as of January 31, 1997, a CDQ group shall submit to the department:

(1) an annual report for each calendar year in which the CDP is in effect; and

(2) a quarterly report for each calendar quarter in which the CDP is in effect.

(b) A report submitted under this section must include information describing how, during the period covered by the report, the CDP has met the milestones, goals, and objectives of the CDP as stated in the complete CDP application.

(c) A CDQ group shall submit an annual report under (a)(1) of this section to the department by May 30 of the year following a year in which the CDP is in effect.

(d) In addition to other information identified in (b) of this section, an annual report must specifically include

(1) the CDQ group's CDQ harvesting and processing data from CDQ harvesting activity;

(2) an independent audit performed by a regionally recognized accounting firm; the CDQ group's selection of an accounting firm is subject to the approval of the CDQ Team; the independent audit that is provided as part of the annual report under this paragraph must include:

(A) a report that indicates whether the CDQ group is meeting the milestones, goals, and objectives that, under 6 AAC 93.025 (m), are set out in its CDP application; if the CDQ Team has required the CDQ group to meet with an auditor to develop agreed upon procedures as guidelines for the content of the CDQ group's reports, the content of the report submitted under this subparagraph must follow those agreed upon procedures;

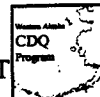
(B) consolidated financial statements for each CDQ group and, if applicable, supplemental schedules reporting the financial position and results of operations for each of the CDQ group's consolidated subsidiaries;

(C) a note to the financial statements in which the auditor details how financial results were determined and any other relevant information;

(D) a supplemental schedule detailing the CDQ group's general and administrative expenses; and

(E) a management report or letter;

(3) complete year ending training and employment data, provided in a format developed by the department;



(4) a budget reconciliation between all program and administrative budgets, and actual expenditures; and

(5) any other information deemed necessary to the administration of the CDQ program by the CDQ Team; the information required by this paragraph shall be submitted to the CDQ group in writing five working days before the CDQ group's annual report is due.

(e) A CDQ recipient shall submit a quarterly report to the department, not later than the following dates:

(1) April 30 for a CDP in effect during the preceding January, February, or March;

(2) July 30 for a CDP in effect during the preceding April, May, or June;

(3) October 30 for a CDP in effect during the preceding July, August, or September;

(4) January 30 for a CDP in effect during the preceding October, November or December.

(f) A quarterly report must specifically include:

(1) a year to date report of all CDQ harvesting and processing activities of the CDQ group;

(2) comprehensive financial statements as determined by the CDQ Team, which may include, if applicable,

(A) a consolidated balance sheet;

(B) a consolidated income statement which clearly identifies revenues and expenditures by project;

(C) a cash flow statement; and

(D) financial statements for subsidiaries;

(3) complete year to date training and employment data, provided in a format developed by the department;

(4) board of directors' minutes for any meetings which occurred during the reporting quarter; and

(5) any other information deemed necessary to the administration of the CDQ program by the CDQ Team; the information required by this paragraph shall be submitted to the CDQ group in writing five working days before the CDQ group's annual report is due.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

Editor's Notes - The mailing address for the Office of the Commissioner, Department of Community

and Regional Affairs, is P.O. Box 112100, Juneau, Alaska 99811-2100.

6 AAC 93.055 AMENDMENTS TO A CDP AND REQUESTS FOR INCREASE IN ALLOCATION.

(a) A CDQ group that seeks to amend a complete CDP under 50 C.F.R. 679.30(e), as amended as of January 31, 1997, shall submit to the CDQ Team a written request for approval of the amendment. The CDQ Team will recommend to the secretary for approval a request to amend a CDP under 50 C.F.R. 679.30(e), as amended as of January 31, 1997, if the CDP, if changed, would continue to meet the requirements under 50 C.F.R. 679.30, as amended as of January 31, 1997.

(b) If a CDQ group seeks to increase any of its CDQ allocations under a multi-year CDP, the CDQ group shall submit a new complete CDP application to the CDQ Team for approval as required under this chapter and under 50 C.F.R. 679.30(e), as amended as of January 31, 1997.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)
Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.060 SUSPENSION OR TERMINATION OF CDP.

(a) The governor will, in the governor's discretion, recommend to the secretary in writing that a CDP be partially suspended, suspended, or terminated if the CDQ Team notifies the governor that the CDQ Team has determined that the CDQ group

(1) has failed to comply with

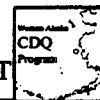
(A) this chapter; or

(B) 50 C.F.R. 679.30, as amended as of January 31, 1997;

(2) has not successfully met its milestones, goals, or objectives; or

(3) appears unlikely to successfully meet its milestones, goals, or objectives.

(b) If the CDQ Team receives an allegation that a CDQ group has failed to comply with 50 C.F.R. 679.30, as amended as of January 31, 1997, or with this chapter, the CDQ Team will send a written notice of the allegation to the CDQ group at the address on file at the department for the CDQ group. The CDQ group may, within 10 days after receipt of the notice, submit to the department a written response to the allegation. The CDQ Team will consider the CDQ group's



written response, if any, in deciding whether to make a recommendation under (a) of this section. If the CDQ Team makes a recommendation under (a) of this section, the CDQ Team will include the CDQ group's written response, if any, with the recommendation when it is transmitted to the secretary.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)

Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.070 CONFIDENTIAL RECORDS.

(a) Except as provided in (b) and (c) of this section, records submitted under this chapter by a CDP applicant and in the possession of the governor or CDQ Team are subject to AS 09.25.110 - 09.25.120 and are open to inspection by the public during regular office hours.

(b) An eligible community, qualified applicant, or managing organization wishing to protect a record provided to the state under this chapter may file with the governor or CDQ Team a written petition identifying the record to be protected and showing good cause to classify the record as confidential. If, at the time of filing, an eligible community, qualified applicant, or managing organization wishes to protect a record submitted under this chapter, the eligible community, qualified applicant, or managing organization shall mark the record as "confidential."

(c) Good cause to classify a record as confidential under this section includes a showing that

(1) disclosure of the record to the public might competitively or financially disadvantage or harm the eligible community, qualified applicant, or managing organization with the confidentiality interest, or might reveal a trade secret or proprietary business interest; and

(2) the need for confidentiality outweighs the public interest in disclosure.

(d) If the governor or CDQ Team determines that good cause exists under (c) of this section, the governor or CDQ Team will, in writing, classify the records as "confidential" and restrict access to them.

(e) Except as provided in Alaska Rules of Court, a record classified as confidential under this section will not be made public or furnished to any person other than the secretary, the council, the

Alaska Region of the National Marine Fisheries Service, the governor, the CDQ Team and staff, or other authorized representatives of the governor.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 1/1/98, Register 144)

Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24.

6 AAC 93.075 GENERAL PROVISIONS. (a)

The governor will, in the governor's discretion, consider other factors not identified in this chapter if those factors are relevant to the decision or recommendation in question.

(b) The governor will, in the governor's discretion, relax or reduce the notice requirements of 6 AAC 93.020 - 6 AAC 93.040 if the governor determines that a shortened or less expensive method of public notice is reasonably designed to reach all interested persons.

(History - Eff. 11/18/92, Register 124; am 4/10/93)

Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III.

6 AAC 93.080 REPORTING OF CDQ

PROGRAM FISHERY HARVEST. A buyer of fish that, under AS 16.05.690 and 5 AAC 39.130, is required to record and report a purchase of fish shall also record and report the buyer's purchases of fishery resources that are harvested through a CDQ program. This shall be done in the manner required by AS 16.05.690 and 5 AAC 39.130 and other regulations adopted under that statute.

(History - Eff. 1/1/98, Register 144)

Authority - Ak. Const., art. III, Sec. 1; Ak. Const., art. III, Sec. 24

6 AAC 93.900 DEFINITIONS. In this chapter

(1) "allocation" or "CDQ allocation" means a percentage of a CDQ reserve as defined in 50 C.F.R. 679.31, as amended as of January 31, 1997, that is assigned to a CDQ group for a defined period of time when the secretary approves a proposed CDP;

(2) "CDP" or "community development plan" means a development plan for the economic and social development of a specific Western Alaska community or group of communities through fishery related investments under the CDQ program at 50 C.F.R. 679.30, as amended as of January 31, 1997;

(3) "CDP application" means a comprehensive plan that a qualified applicant must



submit to the department to be considered for any CDQ allocations;

(4) "CDQ" or "community development quota" means the annual amount of a species of fish, in metric tons or percentage of CDQ reserve, that the North Pacific Fishery Management Council has allocated and that a CDQ group is permitted to harvest based on a CDQ allocation as requested in a proposed CDP and approved by the secretary as part of the Western Alaska Community Development Quota Program established under 50 C.F.R. 679.30, as amended as of January 31, 1997;

(5) "CDQ activity" means any activity pursued by a CDQ group which is paid for by the use of the CDQ, either directly or indirectly;

(6) "CDQ group" means a qualified applicant with a current CDP;

(7) "CDQ project" or "project" means a program, paid for from the assets of a CDQ group that is for the economic or social development of a community or of a group of communities participating in the CDQ group; the components of a program may include infrastructure development, CDQ investment, employment and training programs, and administration of the community development program;

(8) "CDQ reserve" means the portion of CDQ species which the North Pacific Fishery Management Council has allocated to the CDQ program;

(9) "CDQ species" means the fish species which the North Pacific Fishery Management Council has allocated to the CDQ program;

., art. III, Sec. 1; Ak. Const

(10) "CDQ Team" means the state officers identified in 6 AAC 93.015 acting jointly for the purposes described in this chapter;

(11) "council" means the North Pacific Fishery Management Council established in 16 U.S.C. 1852, as amended as of January 31, 1997;

(12) "department" means the Department of Community & Regional Affairs;

(13) "eligible community" means a community that meets the requirements of 50 C.F.R. 679.30(d)(2)(i) - (iv) or that is listed in Table 7 of 50 C.F.R. 679, as amended as of January 31, 1997;

(14) "governing body of an eligible community" means a city council, traditional council, or Indian Reorganization Act (IRA) Council of an eligible community;

(15) "managing organization" means an organization that would assume responsibility for managing all or part of a CDP;

(16) "qualified applicant" means an organization described in 50 C.F.R. 679.30(d)(6), as amended as of January 31, 1997;

(17) "resident fisherman" means a resident fisherman as defined in 50 C.F.R. 679.30(d)(7), as amended as of January 31, 1997;

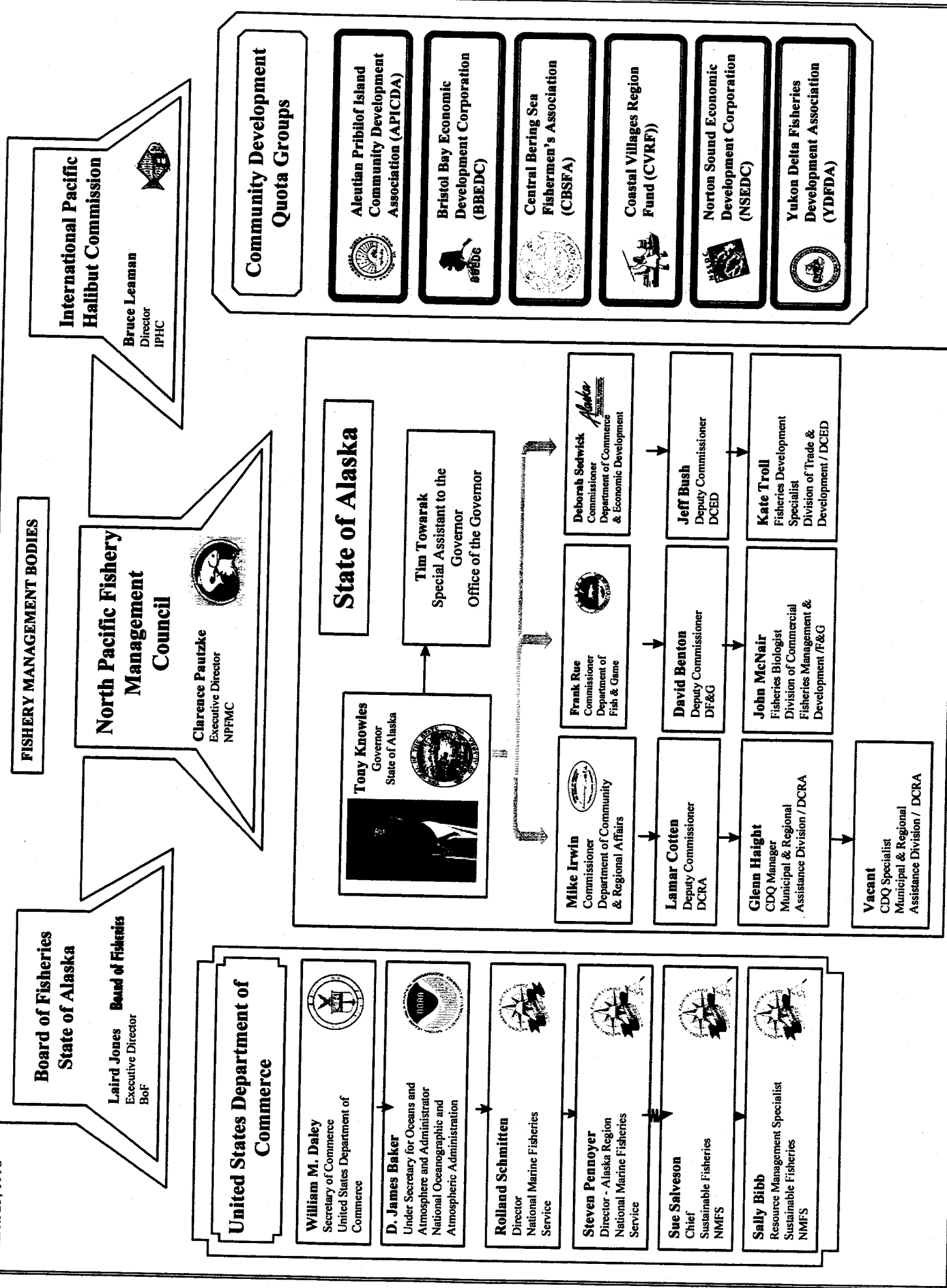
(18) "secretary" means the United States Secretary of Commerce.

(History - Eff. 11/18/92, Register 124; am 4/10/93, Register 126; am 8/13/94, Register 131; am 1/1/98, Register 144)

Authority - Ak. Const



APPENDIX III





APPENDIX IV



List of CDQ Communities by Group



**Aleutian Pribilof Island Community Development Association
(APICDA)**

- | | | |
|-----------|------------------|---------------|
| 1. Akutan | 3. False Pass | 5. Nikolski |
| 2. Atka | 4. Nelson Lagoon | 6. St. George |



**Bristol Bay Economic Development Corporation
(BBEDC)**

- | | | |
|------------------|------------------------|------------------|
| 1. Aleknagik, | 6. Manokotak | 10. Port Heiden |
| 2. Clark's Point | 7. Naknek | 11. South Naknek |
| 3. Dillingham | 8. King Salmon | 12. Togiak |
| 4. Egegik | /Savonoski | 13. Twin Hills |
| 5. Ekuk | 9. Pilot Point/Ugashik | |



**Central Bering Sea Fishermen's Association
(CBSFA)**

1. St. Paul



**Coastal Villages Region Fund
(CVRF)**

- | | | |
|-----------------|-----------------|------------------|
| 1. Cherfornak | 7. Kongiganak | 13. Quinhagak |
| 2. Chevak | 8. Kwigillingok | 14. Scammon Bay |
| 3. Eek | 9. Mekoryuk | 15. Tooksook Bay |
| 4. Goodnews Bay | 10. Newtok | 16. Tuntutuliak |
| 5. Hooper Bay | 11. Nightmute | 17. Tununak |
| 6. Kipnuk | 12. Platinum | |



**Norton Sound Economic Development Corporation
(NSED)**

- | | | |
|-------------------|-----------------|--------------------|
| 1. Brevig Mission | 7. Nome | 13. Unalakleet |
| 2. Diomede/Inalik | 8. Savoonga | 14. Wales |
| 3. Elim | 9. Shaktoolik | 15. White Mountain |
| 4. Gambell | 10. St. Michael | |
| 5. Golovin | 11. Stebbins | |
| 6. Koyuk | 12. Teller | |



**Yukon Delta Economic Development Association
(YDFDA)**

1. Alakanuk
2. Emmonak
3. Kotlik
4. Sheldon Point



Norton Sound Economic Development Corporation

601 W. 5th Avenue, Suite 415
Anchorage, Alaska 99503
(907) 274-2248 (phone)
(907) 274-2249 (fax)



Yukon Delta Fisheries Development Association

Market Place One
2001 Western Avenue
Seattle, Washington 98121
(206) 443-1565 (phone)
(206) 443-1912 (fax)



Coastal Villages Region Fund

204 N. Franklin Street, Suite 1
Juneau, Alaska 99801
(907) 586-2360 (phone)
(907) 586-2331 (fax)



Central Bering Sea Fishermen's Association

730 "I" Street, Suite 200
Anchorage, Alaska 99501
(907) 279-6566 (phone)
(907) 279-6228 (fax)



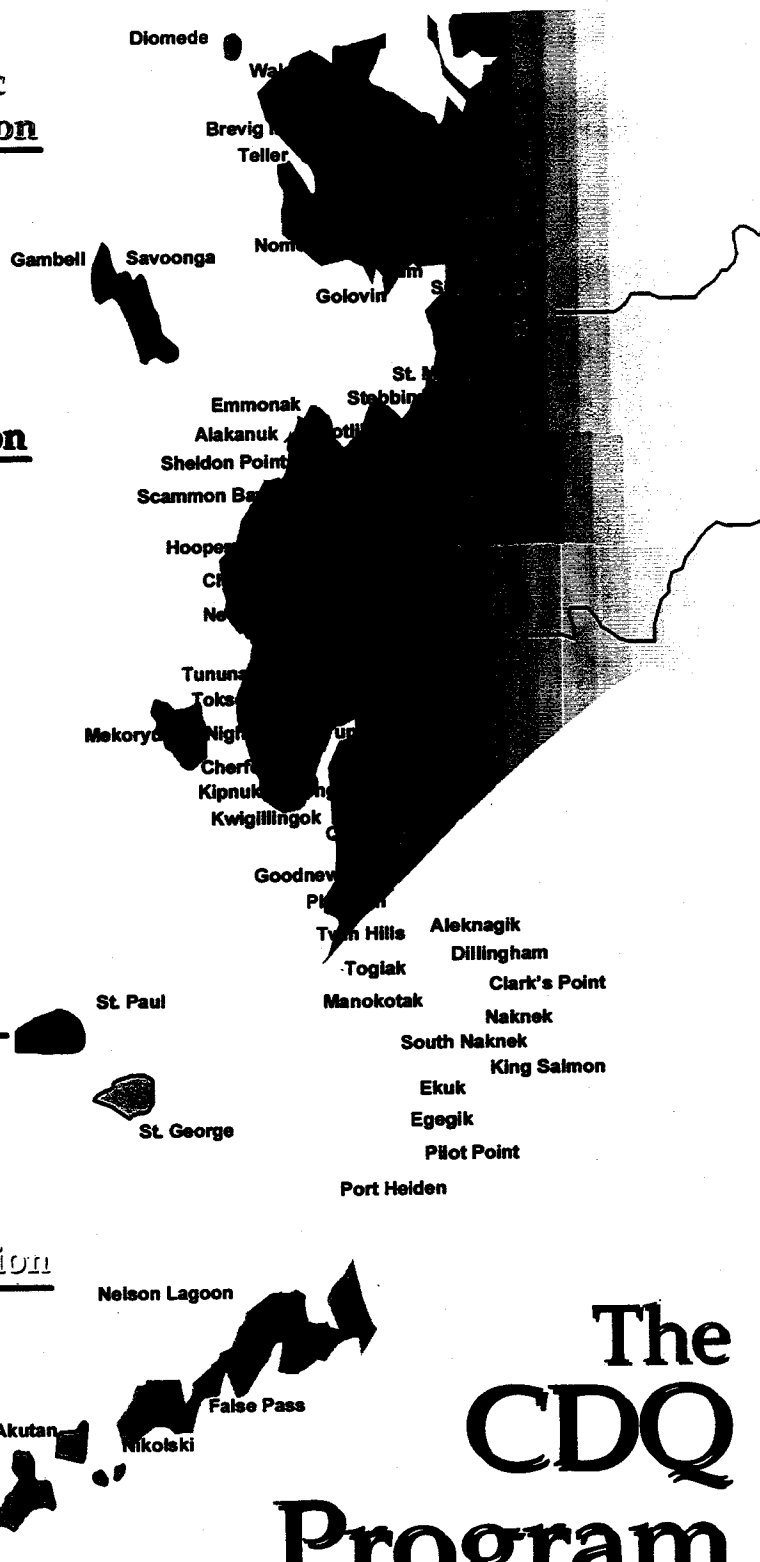
Bristol Bay Economic Development Corporation

P.O. Box 1464
Dillingham, Alaska 99576
(907) 842-4370 (phone)
(907) 842-4336 (fax)



Aleutian Pribilof Island Community Development Association

234 Gold Street
Juneau, Alaska 99801
(907) 586-0161 (phone)
(907) 586-0165 (fax)



The CDQ Program



APPENDIX V



COMMUNITY DEVELOPMENT QUOTA PROGRAM

Employment Data for 1993

1993

Employment by CDQ Group	APICDA	BBEDC	CBSFA	CVFC	NSEDC	YDFDA	Totals
Project Management/Administrative (Full-time and Part-time)							
Number Working	10	2	0	0	10	4	26
Total Wages	\$ 110,000	\$77,462	\$0	\$0	\$359,554	\$39,521	\$ 586,537
Average Wages per person	\$11,000	\$38,731	\$0	\$0	\$35,955	\$9,880	\$22,559
CDQ Pollock Related							
Number Working	16	51	3	42	42	32	186
Total Wages	\$ 85,000	\$204,710	\$16,518		\$483,289	\$210,843	\$ 1,000,360
Average Wages/person	\$5,313	\$4,014	\$0	\$0	\$11,507	\$6,589	\$5,378
Other Employment (Permanent and Temporary)							
Number Working	53	1	0	0	33	8	95
Total Wages	\$ 322,750	\$10,472	\$0	\$0	\$26,447	\$249,389	\$ 609,058
Average Wages/person	\$6,090	\$10,472	\$0	\$0	\$801	\$31,174	\$6,411
Fishing Employment							
Number Working	0	0	0	64	0	0	64
Total Wages	\$0	\$0	\$0	\$0	\$0	\$0	\$ -
Average Wages/person	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total							
Maximum Number Working	79	54	3	106	85	44	371
Total Wages	\$ 517,750	\$ 292,644	\$ 16,518	\$ -	\$ 869,290	\$ 499,753	\$ 2,195,955
Average Wages per Person	\$6,554	\$5,419	\$5,506	\$0	\$10,227	\$11,358	\$5,919

APICDA numbers were obtained from its 1993 Annual report under Table 1. Job positions were listed as "Jobs Generated".
 BBEDC numbers were obtained from its 1993 4th Quarter report, page 1 and 2. Job positions were listed as "Number working".
 CBSFA provided no reliable data for 1993.
 CVFC numbers were obtained from the 1993 Annual report. There were no wages offered.
 NSEDC numbers were obtained from its 4th Quarter, report, page 2. Job positions were listed as "Number working".
 YDFDA numbers were obtained from its 4th Quarter, report, page 3. Job positions were listed as "Number working".

Pollock Related numbers were derived after review and modifications from the 1998 McDowell report and information made available by the Department of Labor.

COMMUNITY DEVELOPMENT QUOTA PROGRAM

Employment Data for 1994

1994							
Employment by CDQ Group	APICDA	BBEDC	CBSFA	CVFC	NSEDC	YDFDA	Totals
Project Management/Administrative (Full-time and Part-time)							
Number Working	10	5	11	5	13	4	48
Total Wages	\$ 85,200	\$130,286	\$173,396	\$94,789	\$453,040	\$75,414	\$ 1,012,125
Average Wages per person	\$8,520	\$26,057	\$15,763	\$18,958	\$34,849	\$18,854	\$21,086
CDQ Pollock Related							
Number Working	5	86	17	40	42	23	213
Total Wages	\$ 29,398	\$217,192	\$109,482	\$177,762	\$518,228	\$228,633	\$ 1,280,695
Average Wages/person	\$5,880	\$2,525	\$6,440	\$4,444	\$12,339	\$9,941	\$6,013
Other Employment (Permanent and Temporary)							
Number Working	73	2	52	8	347	49	531
Total Wages	\$ 273,592	\$8,045	\$631,475	\$31,951	\$454,307	\$392,109	\$ 1,791,479
Average Wages/person	\$3,748	\$4,023	\$12,144	\$3,994	\$1,309	\$8,002	\$3,374
Fishing Employment (Salmon, Herring & Halibut)							
Number Working	0	0	0	0	276	0	276
Total Wages	\$0	\$0	\$0	\$0	\$1,000,103	\$0	\$ 1,000,103
Average Wages/person	n/a	n/a	n/a	n/a	\$3,624	n/a	\$3,624
Total							
Maximum Number Working	88	93	80	53	678	76	1068
Total Wages (inc. benefits)	\$ 388,190	\$ 355,523	\$ 914,353	\$ 304,502	\$ 2,425,678	\$ 696,156	\$ 5,084,402
Average Wages per Person	\$4,411	\$3,823	\$11,429	\$5,745	\$3,578	\$9,160	\$4,761

APICDA numbers were obtained from its 1994 Annual report under Table 1. Job positions were listed as "Jobs Generated".
 BBEDC numbers were obtained from its 1994 Annual report, page 2 and 3. Job positions were listed as "Number working".
 CBSFA numbers were obtained from its 1994 Annual report, page 2. Job positions were listed as "Number working".
 CVFC numbers were obtained from its 4th quarter, 1994 report, page 2 and 3. Job positions were listed as "Number working".
 NSEDC numbers were obtained from its 4th quarter, 1994 report, Table 1. Job positions were listed as "Number working".
 YDFDA numbers were obtained from its 4th quarter, 1994 report, page 2 and 3. Job positions were listed as "Number working".

Pollock Related numbers were derived after review and modifications from the 1998 McDowell report and information made available by the Department of Labor.

COMMUNITY DEVELOPMENT QUOTA PROGRAM

Employment Data for 1995

1995								
Employment by CDQ Group	APICDA	BBEDC	CBSFA	CVFC	NSEDC	PIF	YDFDA	Totals
Project Management/Administrative (Full-time and Part-time)								
Number Working	9	3	10	6	24	0	6	58
Total Wages	\$ 95,400	\$150,335	\$262,133	\$205,111	\$402,118	\$0	\$103,795	\$ 1,218,892
Average Wages per person	\$10,600	\$50,112	\$26,213	\$34,185	\$16,755	\$0	\$17,299	\$21,015
CDQ Pollock Related								
Number Working	5	57	5	68	42	0	51	228
Total Wages	\$ 51,223	\$187,921	\$21,476	\$531,392	\$560,117	\$0	\$514,490	\$ 1,866,619
Average Wages/person	\$10,245	\$3,297	\$4,295	\$7,815	\$13,336	\$0	\$10,088	\$8,187
Other Employment (Permanent and Temporary)								
Number Working	71	15	42	0	24	0	5	157
Total Wages	\$ 607,100	\$45,476	\$435,436	\$0	\$184,962	\$0	\$77,792	\$ 1,350,766
Average Wages/person	\$8,551	\$3,032	\$10,368	\$0	\$7,707	\$0	\$15,558	\$8,604
Fishing Employment								
Number Working	0	0	0	29	115	150	99	393
Total Wages	\$0	\$0	\$0	\$119,002	\$129,609	\$457,300	\$426,913	\$ 1,132,824
Average Wages/person	\$0	\$0	\$0	\$4,104	\$1,127	\$3,049	\$0	\$2,883
Total								
Number Working	85	75	57	103	205	150	161	836
Total Wages	\$ 753,723	\$ 383,732	\$ 719,045	\$ 855,505	\$ 1,276,806	\$ 457,300	\$ 1,122,990	\$ 5,569,101
Average Wages per Person	\$8,867	\$5,116	\$12,615	\$8,306	\$6,228	\$3,049	\$6,975	\$6,662

APICDA numbers were obtained from its 1995 Annual report under Table 1. Job positions were listed as "Jobs Generated".
BBEDC numbers were obtained from its 1995 Annual report, page 2 and 3. Job positions were listed as "Number working".
CBSFA numbers were obtained from its 1995 Annual report, page 3. Job positions were listed as "Number working".
CVFC numbers were obtained from its 4th quarter, 1995 report, page 2 and 3 of the pollock report and 1 and 2 of the halibut/sablefish report.
Job positions were listed as "Number working".
NSEDC numbers were obtained from its 1995 Annual report (publication), page 10. Job positions were listed as "Number of positions worked".
PIF numbers were obtained from its 1995 Annual report, page 2. Job positions were listed as "Number working".
YDFDA numbers were obtained from its 1995 Annual report, Exhibit II. Job positions were listed as "People".

Pollock Related numbers were derived after review and modifications from the 1998 McDowell report and information made available by the Department of Labor.

COMMUNITY DEVELOPMENT QUOTA PROGRAM

Employment Data for 1996

	AFA		APICDA		BBEDC		CBSFA		CVFC		NSEDC		PIF		YDFDA		TOTAL	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
Management/Admin.																		
1st Quarter, People	0	\$ -	10	\$ 37,500	8	\$ 61,602	4	\$ 50,066	6	\$ 61,956	15	\$ 134,517	0	\$ -	5	\$ 28,953	48	\$ 374,594
2nd Quarter, People	0	\$ -	0	\$ 37,500	4	\$ 100,617	0	\$ 58,019	0	\$ 67,160	0	\$ 145,800	0	\$ -	0	\$ 27,165	4	\$ 436,261
3rd Quarter, People	0	\$ -	0	\$ 37,500	1	\$ 89,389	2	\$ 63,806	1	\$ 59,257	6	\$ 125,377	0	\$ -	0	\$ 27,316	10	\$ 402,645
4th Quarter, People	0	\$ -	0	\$ 47,500	0	\$ 91,941	0	\$ 56,033	0	\$ 60,500	1	\$ 141,052	0	\$ -	0	\$ 26,334	1	\$ 423,360
Total, People	0	\$ -	10	\$ 160,000	13	\$ 343,549	6	\$ 227,924	7	\$ 248,873	22	\$ 546,746	0	\$ -	5	\$ 109,768	63	\$ 1,636,860
CDQ Pollock Related																		
A Season	n/a	n/a	4	\$ 30,574	51	\$ 255,665	7	\$ 29,153	52	\$ 167,039	15	\$ 216,104	0	\$ -	32	\$ 358,702	161	\$ 1,057,237
B Season	n/a	n/a	10	\$ 72,181	22	\$ 141,569	0	\$ -	36	\$ 108,707	61	\$ 248,708	0	\$ -	7	\$ 114,565	136	\$ 685,730
Total Pollock Related*			16	\$ 102,755	75	\$ 397,234	0	\$ -	88	\$ 275,746	40	\$ 437,102	0	\$ -	42	\$ 473,267	261	\$ 1,686,104
Other Fishing																		
1st Quarter, People	3	\$ 1,074	0	\$ -	0	\$ -	0	\$ -	0	\$ -	5	\$ 20,703	0	\$ -	5	\$ 40,312	13	\$ 62,089
2nd Quarter, People	39	\$ 102,068	2	\$ 15,935	42	\$ 128,153	0	\$ -	74	\$ 51,712	54	\$ 7,793	146	\$ 296,242	43	\$ 265,167	400	\$ 867,070
3rd Quarter, People	0	\$ 306,647	2	\$ 9,960	0	\$ -	0	\$ -	24	\$ 87,750	124	\$ 302,647	0	\$ 157,758	38	\$ 221,424	188	\$ 1,086,186
4th Quarter, People	9	\$ 169,409	0	\$ -	0	\$ -	0	\$ -	81	\$ 89,968	0	\$ 5,832	0	\$ -	0	\$ -	90	\$ 265,209
Total, Positions	51	\$ 579,198	4	\$ 25,895	42	\$ 128,153	0	\$ -	179	\$ 229,430	183	\$ 336,975	146	\$ 454,000	86	\$ 526,903	691	\$ 2,280,554
Other Employment																		
1st Quarter, People	0	\$ -	13	\$ 23,353	0	\$ -	3	\$ 16,149	0	\$ -	0	\$ -	0	\$ -	7	\$ 52,303	23	\$ 91,805
2nd Quarter, People	11	\$ 10,615	8	\$ 11,353	0	\$ -	5	\$ 11,304	1	\$ 6,759	5	\$ 8,521	0	\$ -	2	\$ 39,005	32	\$ 87,557
3rd Quarter, People	20	\$ 81,135	20	\$ 68,412	0	\$ -	0	\$ 5,829	0	\$ 11,840	6	\$ 3,087	0	\$ -	4	\$ 51,053	50	\$ 221,356
4th Quarter, People	0	\$ -	0	\$ 114,843	0	\$ -	1	\$ 6,689	0	\$ -	0	\$ -	0	\$ -	0	\$ -	1	\$ 121,532
Total, People	31	\$ 91,750	41	\$ 217,961	0	\$ -	9	\$ 39,971	1	\$ 18,599	11	\$ 11,608	0	\$ -	13	\$ 142,361	106	\$ 522,250
Internships																		
1st Quarter, People	0	\$ -	0	\$ -	3	\$ 9,145	0	\$ -	3	\$ 8,910	1	\$ 6,000	0	\$ -	3	\$ 27,900	10	\$ 51,955
2nd Quarter, People	0	\$ -	0	\$ -	12	\$ 18,254	1	\$ 4,387	0	\$ 12,077	0	\$ 6,000	0	\$ -	1	\$ 21,120	14	\$ 61,838
3rd Quarter, People	0	\$ -	0	\$ -	7	\$ 26,536	0	\$ 9,229	0	\$ 12,633	0	\$ 6,000	0	\$ -	1	\$ 19,229	8	\$ 73,627
4th Quarter, People	0	\$ -	0	\$ -	0	\$ 9,968	0	\$ -	0	\$ 2,086	0	\$ 2,000	0	\$ -	0	\$ -	0	\$ 14,054
Total, People	0	\$ -	0	\$ -	22	\$ 63,903	1	\$ 13,616	3	\$ 35,706	1	\$ 20,000	0	\$ -	5	\$ 68,249	32	\$ 201,474
Total																		
1st Quarter, People	3	\$ 1,074	23	\$ 60,853	11	\$ 70,747	7	\$ 66,215	9	\$ 70,866	21	\$ 161,220	0	\$ -	20	\$ 149,468	94	\$ 580,443
2nd Quarter, People	50	\$ 112,683	10	\$ 64,788	58	\$ 247,024	6	\$ 73,710	75	\$ 137,708	59	\$ 168,114	146	\$ 296,242	46	\$ 352,457	450	\$ 1,452,726
3rd Quarter, People	20	\$ 387,782	22	\$ 115,872	8	\$ 115,925	2	\$ 78,864	25	\$ 171,480	136	\$ 437,111	0	\$ 157,758	43	\$ 319,022	256	\$ 1,783,814
4th Quarter, People*	9	\$ 169,409	16	\$ 265,098	75	\$ 499,143	1	\$ 62,722	169	\$ 428,300	41	\$ 585,986	0	\$ -	42	\$ 499,601	353	\$ 2,510,259
Total, People	82	\$ 670,948	71	\$ 506,611	152	\$ 932,839	16	\$ 281,511	278	\$ 808,354	257	\$ 1,352,431	146	\$ 454,000	151	\$ 1,320,548	1153	\$ 6,327,242

*Total Pollock Related numbers were derived after review and modifications from the 1998 McDowell report and information made available by the Department of Labor. Pollock totals reported by "A" and "B" season are added to the cumulative total in the 4th quarter.

COMMUNITY DEVELOPMENT QUOTA PROGRAM
EMPLOYMENT DATA FOR 1997

	APICDA (inc'd AFA)		BBEDC		CBSFA		CVFC		NSEDC		PIF		YFDA		TOTAL	
	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages	People	Wages
Management/Admin.																
1st Quarter, People	10	\$ 35,920	6	\$ 64,045	7	\$ 74,942	12	\$ 64,791	11	\$ 126,659	0	\$ -	5	\$ 57,713	51	\$ 424,070
2nd Quarter, People	0	\$ 56,998	0	\$ 65,048	0	\$ 34,258	3	\$ 90,906	0	\$ 141,130	0	\$ -	0	\$ 59,943	3	\$ 447,983
3rd Quarter, People	1	\$ 41,952	2	\$ 70,727	2	\$ 40,772	0	\$ 82,904	2	\$ 141,380	0	\$ -	0	\$ 63,132	7	\$ 440,867
4th Quarter, People	1	\$ 59,279	0	\$ 89,361	0	\$ 35,487	0	\$ 91,774	1	\$ 150,177	0	\$ -	0	\$ 64,768	2	\$ 490,846
Total, People	12	\$ 193,849	8	\$ 289,181	9	\$ 185,459	15	\$ 330,375	14	\$ 559,346	0	\$ -	5	\$ 245,556	63	\$ 1,803,766
CDQ Pollock Related																
A Season	20	\$ 222,495	64	\$ 476,772	0	\$ -	63	\$ 218,176	30	\$ 206,290	0	\$ -	50	\$ 413,210	227	\$ 1,536,943
B Season	15	\$ 54,691	80	\$ 322,718	0	\$ -	51	\$ 217,835	30	\$ 144,889	0	\$ -	27	\$ 270,200	203	\$ 1,010,333
Total Pollock Related*	21	\$ 277,186	110	\$ 876,490	0	\$ -	114	\$ 436,011	29	\$ 387,841	0	\$ -	82	\$ 683,410	356	\$ 2,680,938
Other Fishing																
1st Quarter, People	6	\$ 5,515	0	\$ -	0	\$ -	0	\$ -	2	\$ 7,244	0	\$ -	0	\$ -	8	\$ 12,759
2nd Quarter, People	15	\$ 32,878	0	\$ -	0	\$ -	235	\$ 179,176	78	\$ 118,714	152	\$ 370,000	47	\$ 176,760	527	\$ 877,528
3rd Quarter, People	37	\$ 531,299	58	\$ 272,380	1	\$ -	1	\$ 142,026	0	\$ 114,986	0	\$ 299,500	18	\$ 268,818	115	\$ 1,627,009
4th Quarter, People	0	\$ 76,622	8	\$ 35,588	0	\$ -	0	\$ 29,354	0	\$ 1,328	0	\$ -	5	\$ 96,500	13	\$ 238,392
Total, People	58	\$ 646,314	66	\$ 307,968	1	\$ -	236	\$ 350,556	80	\$ 242,272	152	\$ 669,500	70	\$ 540,078	663	\$ 2,756,688
Other Employment																
1st Quarter, People	19	\$ 38,752	0	\$ -	1	\$ 6,462	2	\$ 2,752	0	\$ -	0	\$ -	14	\$ 77,229	36	\$ 125,195
2nd Quarter, People	20	\$ 62,857	0	\$ -	2	\$ 6,861	1	\$ 11,226	6	\$ 20,300	0	\$ -	7	\$ 81,944	36	\$ 183,188
3rd Quarter, People	5	\$ 86,954	2	\$ 6,000	0	\$ 10,457	0	\$ 8,256	5	\$ 36,900	0	\$ -	1	\$ 58,977	13	\$ 207,544
4th Quarter, People	10	\$ 38,038	0	\$ -	0	\$ 7,959	0	\$ 16,589	0	\$ 12,675	0	\$ -	1	\$ 62,187	11	\$ 137,448
Total, People	54	\$ 226,601	2	\$ 6,000	3	\$ 31,739	3	\$ 38,823	11	\$ 69,875	0	\$ -	23	\$ 280,337	96	\$ 653,375
Internships																
1st Quarter, People	0	\$ -	3	\$ 9,881	0	\$ -	3	\$ 3,422	0	\$ -	0	\$ -	1	\$ 17,502	7	\$ 30,805
2nd Quarter, People	0	\$ -	4	\$ 20,457	1	\$ -	0	\$ 9,569	5	\$ 10,833	0	\$ -	1	\$ 19,732	11	\$ 60,591
3rd Quarter, People	0	\$ -	4	\$ 17,148	0	\$ 3,837	1	\$ 10,896	0	\$ 18,988	0	\$ -	0	\$ 22,440	5	\$ 73,309
4th Quarter, People	0	\$ -	9	\$ 30,854	1	\$ 2,166	1	\$ 13,938	0	\$ -	0	\$ -	0	\$ 22,300	11	\$ 69,258
Total, People	0	\$ -	20	\$ 78,340	2	\$ 6,003	5	\$ 37,825	5	\$ 29,821	0	\$ -	2	\$ 81,974	34	\$ 233,963
Total																
1st Quarter, People	35	\$ 80,187	9	\$ 73,926	8	\$ 81,404	17	\$ 70,965	13	\$ 133,903	0	\$ -	20	\$ 152,444	102	\$ 592,829
2nd Quarter, People	35	\$ 152,433	4	\$ 85,505	3	\$ 41,119	239	\$ 290,877	89	\$ 290,977	152	\$ 370,000	55	\$ 338,379	577	\$ 1,569,290
3rd Quarter, People	43	\$ 660,205	66	\$ 386,255	3	\$ 55,066	2	\$ 244,082	7	\$ 312,254	0	\$ 299,500	19	\$ 411,367	140	\$ 2,348,729
4th Quarter, People	32	\$ 451,125	127	\$ 1,032,293	1	\$ 45,612	115	\$ 587,686	30	\$ 552,021	0	\$ -	88	\$ 929,165	393	\$ 3,597,892
Total, People	145	\$ 1,343,950	206	\$ 1,557,979	15	\$ 223,201	373	\$ 1,193,590	139	\$ 1,289,155	152	\$ 669,500	182	\$ 1,831,355	1212	\$ 8,108,730

*Total Pollock Related numbers were derived after review and modifications from the 1998 McDowell report and information made available by the Department of Labor. Pollock totals reported by "A" and "B" season are added to the cumulative total in the 4th quarter.





APPENDIX VI

COMMUNITY DEVELOPMENT QUOTA PROGRAM

TRAINING NUMBERS FOR 1993

VOCATIONAL TRAINING

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	4	\$ 29,115	\$7,279
BBEDC	49	\$ 82,881	\$1,691
CBSFA	6	\$ 11,245	\$1,874
CVFC	0	\$ -	\$0
NSEDC	1	\$ 1,000	\$1,000
YDFDA	0	\$ -	\$0
TOTAL	60	\$ 124,241	\$2,071

TRAINING - OTHER

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	17	\$ 67,000	\$3,941
BBEDC	0	\$ -	\$0
CBSFA	0	\$ -	\$0
CVFC	6	\$ 23,963	\$3,994
NSEDC	106	\$ 144,040	\$1,359
YDFDA	88	\$ 106,948	\$1,215
TOTAL	217	\$ 341,951	\$1,576

POST-SECONDARY

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	9	\$ 9,000	\$1,000
BBEDC	4	\$ 20,000	\$5,000
CBSFA	7	\$ 11,407	\$1,630
CVFC	2	\$ 8,000	\$4,000
NSEDC	47	\$ 47,000	\$1,000
YDFDA	0	\$ -	\$0
TOTAL	69	\$ 95,407	\$1,383

TOTAL TRAINING

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	30	\$ 105,115	\$3,504
BBEDC	53	\$ 102,881	\$1,941
CBSFA	13	\$ 22,652	\$1,742
CVFC	8	\$ 31,963	\$3,995
NSEDC	154	\$ 192,040	\$1,247
YDFDA	88	\$ 106,948	\$1,215
TOTAL	346	\$ 561,599	\$1,623

COMMUNITY DEVELOPMENT QUOTA PROGRAM

TRAINING NUMBERS FOR 1994

VOCATIONAL TRAINING

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	14	\$ 48,965	\$3,498
BBEDC	191	\$ 21,010	\$110
CBSFA	43	\$ 80,587	\$1,874
CVFC	0	\$ -	\$0
NSEDC	12	\$ 12,000	\$1,000
YDFDA	0	\$ -	\$0
TOTAL	260	\$ 162,562	\$625

TRAINING - OTHER

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	8	\$ 36,000	\$4,500
BBEDC	328	\$ -	\$0
CBSFA	0	\$ -	\$0
CVFC	8	\$ 31,951	\$3,994
NSEDC	65	\$ 121,576	\$1,870
YDFDA	109	\$ 272,859	\$2,503
TOTAL	518	\$ 462,386	\$893

POST-SECONDARY

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	15	\$ 22,515	\$1,501
BBEDC	8	\$ 40,000	\$5,000
CBSFA	27	\$ 44,000	\$1,630
CVFC	4	\$ 15,808	\$3,952
NSEDC	68	\$ 68,000	\$1,000
YDFDA	0	\$ -	\$0
TOTAL	122	\$ 190,323	\$1,560

TOTAL TRAINING

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	37	\$ 107,480	\$2,905
BBEDC	527	\$ 61,010	\$116
CBSFA	70	\$ 124,587	\$1,780
CVFC	12	\$ 47,759	\$3,980
NSEDC	145	\$ 201,576	\$1,390
YDFDA	109	\$ 272,859	\$2,503
TOTAL	900	\$ 815,271	\$906

COMMUNITY DEVELOPMENT QUOTA PROGRAM

TRAINING DATA FOR 1995

VOCATIONAL TRAINING

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	17	\$ 46,175	\$2,716
BBEDC	102	\$ 129,698	\$1,272
CBSFA	8	\$ 28,464	\$3,558
CVFC	6	\$ 40,000	\$6,667
NSEDC	10	\$ 10,000	\$1,000
YDFDA	10	\$ 90,918	\$9,092
TOTAL	153	\$ 345,255	\$2,257

TRAINING - OTHER

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	21	\$ 123,364	\$5,874
BBEDC	183	\$ 16,462	\$90
CBSFA	0	\$ -	\$ -
CVFC	9	\$ 61,957	\$6,884
NSEDC	20	\$ 172,000	\$8,600
YDFDA	80	\$ 107,447	\$1,343
TOTAL	313	\$ 481,230	\$1,537

POST-SECONDARY

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	26	\$ 28,918	\$1,112
BBEDC	16	\$ 60,000	\$3,750
CBSFA	17	\$ 47,905	\$2,818
CVFC	5	\$ 21,502	\$4,300
NSEDC	89	\$ 89,000	\$1,000
YDFDA	0	\$ -	\$ -
TOTAL	153	\$ 247,325	\$1,617

TOTAL TRAINING

GROUP	Number Trained	\$\$ Spent	\$\$/Person
APICDA	64	\$ 198,457	\$3,101
BBEDC	301	\$ 206,160	\$685
CBSFA	25	\$ 76,369	\$3,055
CVFC	20	\$ 123,459	\$6,173
NSEDC	119	\$ 271,000	\$2,277
YDFDA	90	\$ 198,365	\$2,204
TOTAL	619	\$ 1,073,810	\$1,735

COMMUNITY DEVELOPMENT QUOTA PROGRAM

TRAINING NUMBERS FOR 1996

	APICDA		BBEDC		CBSFA		CVFC		NSEDG		YDFDA		TOTAL	
	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures
Scholarship: Postsecondary														
1st Quarter, People	9	\$ 9,225	0	\$ -	5	\$ 6,048	3	\$ 3,319	5	\$ 5,000	0	\$ -	22	\$ 23,592
2nd Quarter, People	1	\$ 1,500	0	\$ -	4	\$ 2,517	0	\$ 2,322	12	\$ 12,000	0	\$ -	17	\$ 18,339
3rd Quarter, People	19	\$ 25,133	30	\$ 76,890	3	\$ 3,625	6	\$ 29,808	58	\$ 58,000	0	\$ -	116	\$ 193,456
4th Quarter, People	1	\$ 1,500	0	\$ -	0	\$ 7,293	0	\$ -	17	\$ 17,000	0	\$ -	18	\$ 25,793
Total, People	30	\$ 37,358	30	\$ 76,890	12	\$ 19,483	9	\$ 35,449	92	\$ 92,000	0	\$ -	173	\$ 261,180
Scholarship: Vocational														
1st Quarter, People	11	\$ 18,600	4	\$ -	0	\$ -	8	\$ 13,475	0	\$ -	0	\$ -	23	\$ 32,075
2nd Quarter, People	21	\$ 21,167	3	\$ -	0	\$ -	13	\$ 4,500	1	\$ 1,000	0	\$ -	38	\$ 26,667
3rd Quarter, People	14	\$ 22,203	0	\$ -	0	\$ -	0	\$ -	6	\$ 6,000	0	\$ -	20	\$ 28,203
4th Quarter, People	25	\$ 22,071	0	\$ -	0	\$ -	0	\$ -	10	\$ 10,000	0	\$ -	35	\$ 32,071
Total, People	71	\$ 84,041	7	\$ -	0	\$ -	21	\$ 17,975	17	\$ 17,000	0	\$ -	116	\$ 119,016
Voc-Tech Classes - Basic														
1st Quarter, People	0	\$ -	11	\$ 1,544	0	\$ -	0	\$ -	10	\$ 19,541	0	\$ -	21	\$ 21,085
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	15	\$ 28,073	0	\$ -	15	\$ 28,073
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
4th Quarter, People	0	\$ -	43	\$ 7,405	0	\$ -	0	\$ -	0	\$ -	0	\$ -	43	\$ 7,405
Total, People	0	\$ -	54	\$ 8,949	0	\$ -	0	\$ -	25	\$ 47,614	0	\$ -	79	\$ 56,563
Voc-Tech Classes - Advanced														
1st Quarter, People	0	\$ -	27	\$ 4,523	0	\$ -	8	\$ 13,051	0	\$ -	10	\$ 51,369	45	\$ 68,943
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	24	\$ 14,850	0	\$ -	0	\$ 47,062	24	\$ 61,912
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	9	\$ 30,909	9	\$ 30,909
4th Quarter, People	0	\$ -	1	\$ 985	0	\$ -	0	\$ -	0	\$ -	2	\$ 26,950	3	\$ 27,935
Total, People	0	\$ -	28	\$ 5,508	0	\$ -	32	\$ 27,901	0	\$ -	21	\$ 156,290	81	\$ 189,699
Other Trng - Fish. Related														
1st Quarter, People	0	\$ -	0	\$ -	0	\$ -	3	\$ 13,507	58	\$ 17,604	21	\$ 14,852	82	\$ 45,963
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	6	\$ 86,000	2	\$ 2,303	8	\$ 88,303
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	58	\$ 10,904	58	\$ 10,904
4th Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	20	\$ 3,552	4	\$ 20,860	24	\$ 24,412
Total, People	0	\$ -	0	\$ -	0	\$ -	3	\$ 13,507	84	\$ 107,156	85	\$ 48,919	172	\$ 169,582
Other Trng - Student Loans														
1st Quarter, People	0	\$ -	0	\$ -	11	\$ 25,353	0	\$ -	0	\$ -	0	\$ -	11	\$ 25,353
2nd Quarter, People	0	\$ -	0	\$ -	1	\$ 2,647	0	\$ -	0	\$ -	0	\$ -	1	\$ 2,647
3rd Quarter, People	0	\$ -	0	\$ -	2	\$ 12,519	0	\$ -	0	\$ -	0	\$ -	2	\$ 12,519
4th Quarter, People	0	\$ -	0	\$ -	3	\$ 15,892	0	\$ -	0	\$ -	0	\$ -	3	\$ 15,892
Total, People	0	\$ -	0	\$ -	17	\$ 56,411	0	\$ -	0	\$ -	0	\$ -	17	\$ 56,411
Other Trng - CDQ Staff/Board														
1st Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
2nd Quarter, People	0	\$ -	0	\$ -	1	\$ 185	0	\$ -	0	\$ -	0	\$ -	1	\$ 185
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
4th Quarter, People	0	\$ -	0	\$ -	0	\$ 2,892	0	\$ -	0	\$ -	0	\$ -	0	\$ 2,892
Total, People	0	\$ -	0	\$ -	1	\$ 3,077	0	\$ -	0	\$ -	0	\$ -	1	\$ 3,077
Other Trng - Other														
1st Quarter, People	5	\$ 6,038	46	\$ 1,272	0	\$ -	0	\$ -	0	\$ -	0	\$ -	51	\$ 7,310
2nd Quarter, People	0	\$ -	96	\$ 2,731	0	\$ -	0	\$ -	0	\$ -	0	\$ -	96	\$ 2,731
3rd Quarter, People	0	\$ -	43	\$ 3,465	1	\$ 139	0	\$ 16,991	0	\$ -	0	\$ -	44	\$ 20,595
4th Quarter, People	0	\$ -	77	\$ 27,065	0	\$ -	0	\$ -	0	\$ -	0	\$ -	77	\$ 27,065
Total, People	5	\$ 6,038	262	\$ 34,533	1	\$ 139	0	\$ 16,991	0	\$ -	0	\$ -	268	\$ 57,701
Other Expdtrs - Educ. Inst														
1st Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ 62,000	0	\$ -	0	\$ -	0	\$ 62,000
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
4th Quarter, People	0	\$ -	0	\$ 4,000	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ 4,000
Total, People	0	\$ -	0	\$ 4,000	0	\$ -	0	\$ 62,000	0	\$ -	0	\$ -	0	\$ 66,000
Other Expdtrs - Endwmnts														
1st Quarter, People	0	\$ 162,015	0	\$ -	0	\$ -	0	\$ 55,500	0	\$ -	0	\$ -	0	\$ 217,515
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ 16,000	0	\$ -	0	\$ -	0	\$ 16,000
4th Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Total, People	0	\$ 162,015	0	\$ -	0	\$ -	0	\$ 71,500	0	\$ -	0	\$ -	0	\$ 233,515
Other Expdtrs - Intern														
1st Quarter, People	0	\$ -	4	\$ 17,916	0	\$ -	3	\$ 8,910	0	\$ -	3	\$ 11,055	10	\$ 37,881
2nd Quarter, People	0	\$ -	11	\$ 23,856	0	\$ -	0	\$ 12,600	0	\$ -	1	\$ 6,509	12	\$ 42,965
3rd Quarter, People	0	\$ -	9	\$ 18,966	0	\$ -	0	\$ 12,633	0	\$ -	1	\$ 6,442	10	\$ 38,041
4th Quarter, People	0	\$ -	0	\$ 20,766	0	\$ -	0	\$ -	0	\$ -	0	\$ 2,096	0	\$ 22,862
Total, People	0	\$ -	24	\$ 81,504	0	\$ -	3	\$ 34,143	0	\$ -	5	\$ 26,102	32	\$ 141,749
Total Training & Education														
1st Quarter, People	25	\$ 195,878	92	\$ 25,255	16	\$ 31,401	25	\$ 107,762	73	\$ 42,145	34	\$ 77,276	265	\$ 479,717
2nd Quarter, People	22	\$ 22,667	110	\$ 26,587	6	\$ 5,349	37	\$ 96,272	34	\$ 127,073	3	\$ 55,874	212	\$ 333,822
3rd Quarter, People	33	\$ 47,336	82	\$ 99,321	6	\$ 16,283	6	\$ 75,432	64	\$ 64,000	68	\$ 48,255	259	\$ 350,627
4th Quarter, People	26	\$ 23,571	121	\$ 60,221	3	\$ 26,077	-	\$ -	47	\$ 30,552	6	\$ 49,906	203	\$ 190,327
Total, People	106	\$ 289,452	405	\$ 211,384	31	\$ 79,110	68	\$ 279,466	218	\$ 263,770	111	\$ 231,311	939	\$ 1,354,493

COMMUNITY DEVELOPMENT QUOTA PROGRAM
TRAINING NUMBERS FOR 1997

	APICDA		BBEDC		CBSFA		CVFC		NSEDG		YDFDA		TOTAL	
	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures	People	Expenditures
Scholarship: Postsecondary														
1st Quarter, People	13	\$ 18,441	0	\$ -	12	\$ 23,193	2	\$ -	5	\$ 5,000	3	\$ 15,000	35	\$ 61,634
2nd Quarter, People	1	\$ 1,500	0	\$ -	1	\$ 5,203	0	\$ -	14	\$ 14,000	3	\$ 15,000	19	\$ 35,703
3rd Quarter, People	9	\$ 33,000	35	\$ 34,554	2	\$ 3,256	5	\$ 13,580	60	\$ 60,000	0	\$ -	111	\$ 144,390
4th Quarter, People	5	\$ 7,500	0	\$ 41,778	0	\$ 5,090	0	\$ 1,925	2	\$ 2,000	0	\$ -	7	\$ 58,293
Total, People	28	\$ 60,441	35	\$ 76,332	15	\$ 36,742	7	\$ 15,505	81	\$ 81,000	6	\$ 30,000	172	\$ 300,020
Scholarship: Vocational														
1st Quarter, People	20	\$ 17,092	0	\$ -	5	\$ 12,000	0	\$ -	0	\$ -	0	\$ -	25	\$ 29,092
2nd Quarter, People	4	\$ 7,302	0	\$ -	1	\$ 5,587	0	\$ -	2	\$ 2,000	0	\$ -	7	\$ 14,889
3rd Quarter, People	10	\$ 10,134	0	\$ -	0	\$ -	1	\$ 5,000	13	\$ 13,000	0	\$ -	24	\$ 28,134
4th Quarter, People	22	\$ 35,571	0	\$ -	0	\$ -	0	\$ 840	0	\$ -	0	\$ -	22	\$ 36,411
Total, People	56	\$ 70,099	0	\$ -	6	\$ 17,587	1	\$ 5,840	15	\$ 15,000	0	\$ -	78	\$ 108,526
Voc-Tech Classes - Basic														
1st Quarter, People	0	\$ -	7	\$ 943	0	\$ -	38	\$ -	8	\$ 26,563	0	\$ -	53	\$ 27,506
2nd Quarter, People	0	\$ -	5	\$ 665	0	\$ -	45	\$ -	7	\$ 9,303	0	\$ -	57	\$ 9,968
3rd Quarter, People	0	\$ -	35	\$ 4,755	0	\$ -	0	\$ -	0	\$ -	0	\$ -	35	\$ 4,755
4th Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Total, People	0	\$ -	47	\$ 6,363	0	\$ -	83	\$ -	15	\$ 35,866	0	\$ -	145	\$ 42,229
Voc-Tech Classes - Advanced														
1st Quarter, People	0	\$ -	13	\$ 3,888	0	\$ -	0	\$ -	0	\$ -	18	\$ 25,425	31	\$ 29,313
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	5	\$ 18,822	0	\$ 28,231	5	\$ 47,053
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	12	\$ -	12	\$ -
4th Quarter, People	0	\$ -	8	\$ 9,736	0	\$ -	0	\$ -	0	\$ -	1	\$ 50,536	9	\$ 60,272
Total, People	0	\$ -	21	\$ 13,624	0	\$ -	0	\$ -	5	\$ 18,822	31	\$ 104,192	57	\$ 136,638
Other Trng - Fish. Related														
1st Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	62	\$ 14,205	34	\$ 12,548	96	\$ 26,753
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	12	\$ 3,897	16	\$ 880	28	\$ 4,777
3rd Quarter, People	0	\$ -	3	\$ 118	2	\$ 4,062	0	\$ -	0	\$ -	16	\$ -	21	\$ 4,180
4th Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	12	\$ 13,668	12	\$ 13,668
Total, People	0	\$ -	3	\$ 118	2	\$ 4,062	0	\$ -	74	\$ 18,102	78	\$ 27,096	157	\$ 49,378
Other Trng - Student Loans														
1st Quarter, People	0	\$ -	0	\$ -	13	\$ 20,574	0	\$ -	0	\$ -	0	\$ -	13	\$ 20,574
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ 4,439	0	\$ -	0	\$ -	0	\$ -	0	\$ 4,439
3rd Quarter, People	0	\$ -	0	\$ -	2	\$ 9,614	0	\$ -	0	\$ -	0	\$ -	2	\$ 9,614
4th Quarter, People	0	\$ -	0	\$ -	4	\$ 22,019	0	\$ -	0	\$ -	0	\$ -	4	\$ 22,019
Total, People	0	\$ -	0	\$ -	19	\$ 56,646	0	\$ -	0	\$ -	0	\$ -	19	\$ 56,646
Other Trng - CDQ Staff/Board														
1st Quarter, People	0	\$ -	0	\$ -	1	\$ 150	0	\$ -	0	\$ -	0	\$ -	1	\$ 150
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
3rd Quarter, People	0	\$ -	3	\$ 2,628	0	\$ -	0	\$ -	0	\$ -	0	\$ -	3	\$ 2,628
4th Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Total, People	0	\$ -	3	\$ 2,628	1	\$ 150	0	\$ -	0	\$ -	0	\$ -	4	\$ 2,778
Other Trng - Other														
1st Quarter, People	0	\$ -	71	\$ 4,358	0	\$ -	0	\$ 10,000	2	\$ 2,300	1	\$ 2,000	74	\$ 18,658
2nd Quarter, People	0	\$ -	38	\$ 1,563	0	\$ -	0	\$ 28,250	0	\$ -	0	\$ -	38	\$ 29,813
3rd Quarter, People	0	\$ -	22	\$ 4,154	0	\$ -	0	\$ 36,590	0	\$ -	0	\$ -	22	\$ 40,744
4th Quarter, People	0	\$ -	53	\$ 9,925	0	\$ -	0	\$ -	0	\$ -	0	\$ -	53	\$ 9,925
Total, People	0	\$ -	184	\$ 20,000	0	\$ -	0	\$ 74,840	2	\$ 2,300	1	\$ 2,000	187	\$ 99,140
Other Expdtrs - Educ. Inst														
1st Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
3rd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
4th Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Total, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Other Expdtrs - Endwmnts														
1st Quarter, People	0	\$ 111,970	0	\$ -	0	\$ -	0	\$ 10,000	0	\$ -	0	\$ -	0	\$ 121,970
2nd Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
3rd Quarter, People	0	\$ -	0	\$ 39,000	0	\$ -	0	\$ 1,500	0	\$ -	0	\$ -	0	\$ 40,500
4th Quarter, People	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
Total, People	0	\$ 111,970	0	\$ 39,000	0	\$ -	0	\$ 11,500	0	\$ -	0	\$ -	0	\$ 162,470
Other Expdtrs - Intern														
1st Quarter, People	0	\$ -	3	\$ 18,446	0	\$ -	3	\$ 3,422	0	\$ -	0	\$ -	6	\$ 21,868
2nd Quarter, People	0	\$ -	4	\$ 23,017	0	\$ -	0	\$ -	0	\$ -	2	\$ 2,805	6	\$ 25,822
3rd Quarter, People	0	\$ -	4	\$ 12,817	0	\$ -	1	\$ 10,896	0	\$ -	0	\$ -	5	\$ 23,713
4th Quarter, People	0	\$ -	9	\$ 11,381	0	\$ -	1	\$ 700	0	\$ -	0	\$ -	10	\$ 12,081
Total, People	0	\$ -	20	\$ 65,661	0	\$ -	5	\$ 15,018	0	\$ -	2	\$ 2,805	27	\$ 83,484
Total Training & Education														
1st Quarter, People	33	\$ 147,503	94	\$ 27,635	31	\$ 55,917	43	\$ 23,422	77	\$ 48,068	56	\$ 54,973	334	\$ 357,518
2nd Quarter, People	5	\$ 8,802	47	\$ 25,245	2	\$ 15,229	45	\$ 28,250	40	\$ 48,022	21	\$ 46,916	160	\$ 172,464
3rd Quarter, People	19	\$ 43,134	102	\$ 98,026	6	\$ 16,932	7	\$ 67,566	73	\$ 73,000	28	\$ -	235	\$ 298,658
4th Quarter, People	27	\$ 43,071	70	\$ 72,820	4	\$ 27,109	1	\$ 3,465	2	\$ 2,000	13	\$ 64,204	117	\$ 212,669
Total, People	84	\$ 242,510	313	\$ 223,726	43	\$ 115,187	96	\$ 122,703	192	\$ 171,090	118	\$ 166,093	846	\$ 1,041,309

